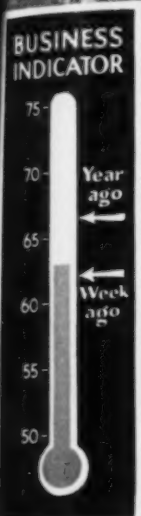


MAY 1
1935

BUSINESS WEEK



McGRAW-HILL
PUBLISHING
COMPANY, INC.

20 CENTS

FACE TO FACE—Off on a tangent to the left of the White House, the Chamber of Commerce building (beside the thermometer) still echoes with resolutions that put the C. of C. hard right in its opposition to Administration "reform" policies.

UNIVERSITY OF MICHIGAN
GENERAL LIBRARY
ALAN ARBOR MICH



Hold your summertime business meetings on the cool shores of a lake

Many business offices are steaming torture chambers in the torrid months of summer. Important decisions that won't wait—plans for fall campaigns—are often made too hastily . . . or not at all . . . as the consensus of opinion seems to be, "Let's decide something—anything—and get out of this hot office." By installing a Frigidaire Unit Air Conditioner you can enjoy just as much real comfort as if the meeting were held on the cool shores of a mountain lake.

Present day problems require keener, calmer judgment than ever before, which is why proper cooling in summer is just as important for the office as proper heating in winter. No man can do justice either to himself or to his firm if suffering con-

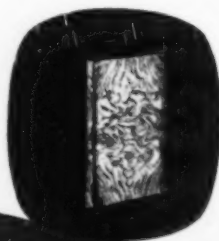
tinually from terrific heat and unbearable humidity.

Frigidaire Air Conditioners not only cool the air, but also automatically dehumidify and circulate it in cool, healthful currents. Constant comfort takes the place of varying temperatures! Many business men have found that a Frigidaire Unit Air Conditioner increases efficiency to such an extent that it actually pays for itself—and provides dividends in satisfaction.

All Frigidaire Unit Air Conditioners are low in first cost and are economical in the use of current. Then,

too, payments may be deferred over a period of months. Write immediately for our latest air conditioning booklet giving complete information on all new types of air conditioning systems.

MADE BY FRIGIDAIRE DIVISION



GENERAL MOTORS CORPORATION

AIR CONDITIONING BY FRIGIDAIRE

NBC's Own Inquiring Reporter

The Question:

What important factors influenced your decision to use NBC broadcast advertising again during the summer of 1935?

The Place: Various advertising offices in New York City.

The Answers:

"The summer season is our season of biggest sales . . . more cars are on the road . . . more gasoline, oil and grease are being used. Our program on Friday night reaches the motorist just before he starts his week-end trip or vacation period. We consider this summer market of primary importance . . . we believe in cultivating it every week for increased business at our own stations and for our dealers. We also consider the automobile radio audience a large and growing one . . . particularly in summer. We like to reach the motorist while he is consuming the products we sell and driving towards our outlets."



ELLIOTT McELDOWNEY, Director of Advertising and News, Cities Service Company

"Cigarettes know no seasons. Philip Morris advertises the year 'round because people smoke the year 'round. So long as there are sales, there should be advertising. Philip Morris buys broadcasting all year 'round because they know their program builds an audience and that they give this audience away to some other advertiser the moment they fail to sustain it. Just to the degree they stop for the summer months, they lose speed and have to build all over again. In the long run, Philip Morris are volume-wise and not season-wise. Or to paraphrase the old proverb, Philip Morris is not 'Penny wise and schedule silly'."



MILTON H. BIOW, President of The Biow Company, 444 Madison Avenue, New York City

"Consumers use as much Molle Shaving Cream in July and August as they do in January and February or any other month of the year. Furthermore, our experience with summer broadcasting on three other accounts has demonstrated that the listening audience is not materially reduced during the summer months.

Given a product that has all year 'round consumption, a copy story that sells the goods, a good time period and a good program — and summer broadcasting pays. With the Molle Company, dollars and cents dictated the decision to broadcast throughout the summer months."



RICHARD A. PORTER, Vice-President, Stack-Goble Advertising Agency, 400 Madison Ave., N. Y.

"It's our experience that the great audience listening regularly to the Sinclair Minstrels does not materially decrease in summer. After all, approximately 2,000,000 active automobile sets supplement the 20,000,000 home radio sets, serving our nomadic listeners at vacation time. In short, winter friends are friends in summer too — they follow their favorite programs wherever they are."



F. C. BRUNS, Vice-President of Federal Advertising Agency, Inc., 444 Madison Avenue, New York City

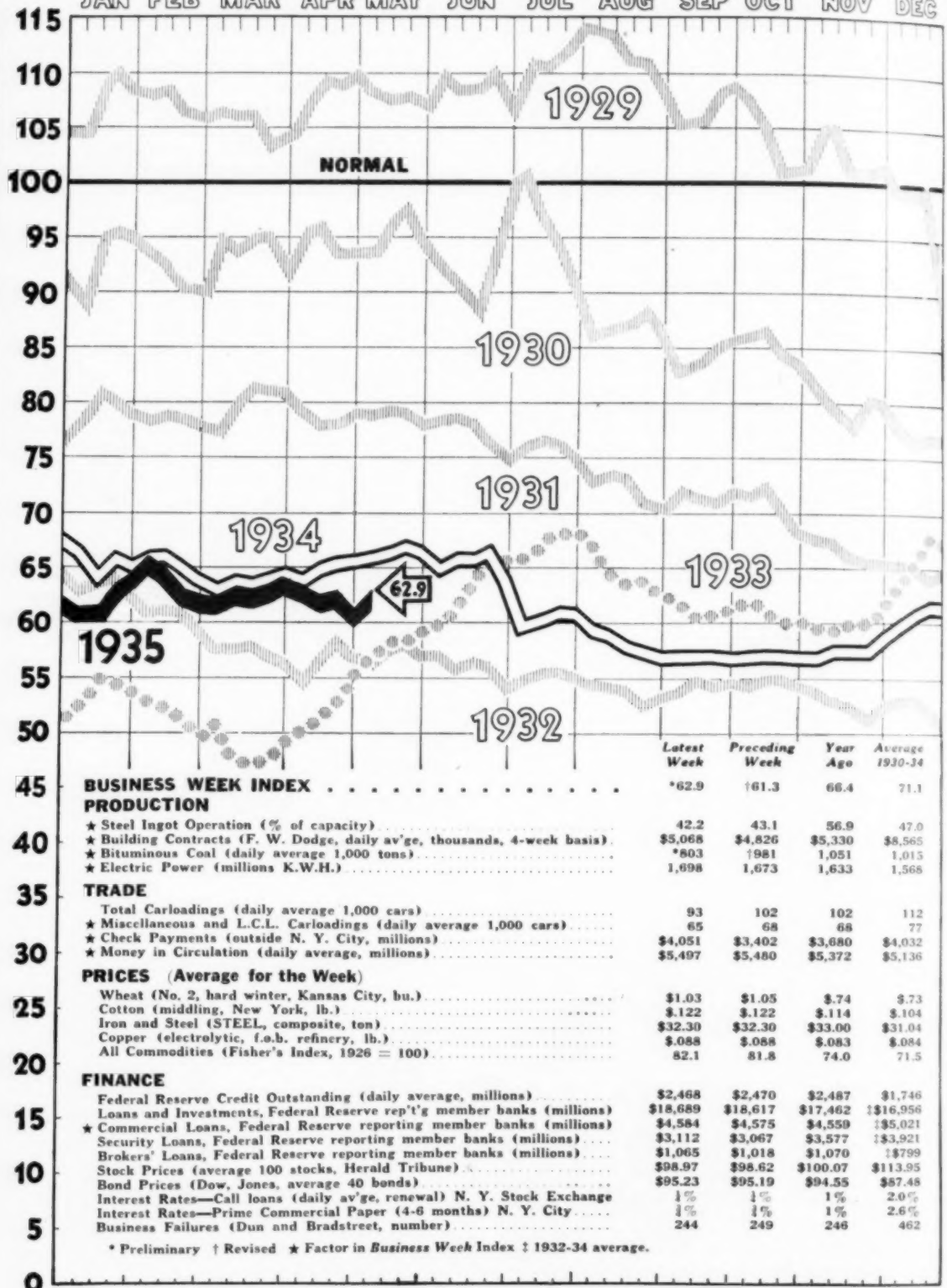
"The principal reason that the Maxwell House Show Boat is staying on the air this summer is that we have found it good business to be on the air in the summer. While there is some seasonal variation in coffee consumption, people do drink coffee twelve months of the year, just as they do listen to the radio twelve months of the year. We do not feel that it would be good business to let lapse an activity that is as important a part of our advertising as the Maxwell House Show Boat."



ATHERTON W. HOBLER, President of Benton & Bowles, 444 Madison Avenue, New York City

WEEKLY INDEX OF BUSINESS ACTIVITY

JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC



The Business Outlook

THE New Deal took a heavy blow this week when the Supreme Court declared the railroad pension act unconstitutional. In business quarters this decision was viewed as foreshadowing trouble at court both for NIRA and for the social security bill when enacted.

On the business front proper, interest centers in the automobile labor situation. Rejection, by a 2 to 1 vote, of General Motors' offer of a 5% wage increase, among other concessions, was unexpected. While the strike itself is fairly localized, involving but a few thousand men, its ramifications within the company and among suppliers and dealers are manifold—and costly. The union's lack of strength in other companies seems to preclude the possibility of the trouble's spreading through the industry.

Business Generally Healthy

Outside of areas that have been affected by the General Motors difficulties, the business situation remains fairly encouraging. Steel ingot activity has declined most moderately. Finished steel departments have borne the greater brunt of the hold-up in releases from motor sources. Residential construction in April reached the highest level for any month since November, 1931, jumping 31% ahead of March and 87% ahead of a year ago. Chain and mail order houses made exceptional gains over April, 1934, despite the unfavorable weather conditions in many parts of the country. Check transactions for the week ending May 1 reached a new high for the year in the 140 centers outside of New York, crossed the \$4-billion mark for the first time in over 3 years. Even electric power deviated from its seasonally downward path for another upward spurt.

Another Court Victory

Not only railroads but the steel industry, too, could boast a favorable court decision this week when Republic and Corrigan, McKinney merger won judicial approval. Final disposition of the merger must await action regarding an appeal.

Steel Weighs Prospects

Compared with a 49% average in March, April steel production stood at 45% of capacity, a level that still yields a profit to most companies. The industry is prepared to see activity slip below the 40%-of-capacity line in the next few weeks, though settlement of the motor strike might bring a temporary rebound. Despite the fact that rail purchases were conspicuous this week, victory in the railroad pension case is not expected to make any

HOME BUILDING BACK

Residential contracts awarded last month soared 87% ahead of last year. For the first time since April, 1929, home building is in its old position at the head of the construction line. This means more business for lumber, paint, roofing, and home furnishing companies, a boost already apparent in sales records.

immediate bulge in railroad orders. A pickup in Freight traffic will be the decisive factor. Structural steel awards to date have run nearly 16% under last year. The fact that \$2 billions of the \$4.8 billions have been allotted to types of construction in which steel is an important element is good news to the industry, though it will be some time before orders are on the books.

An Ounce of Prevention

Just how much the strike in some General Motors plants, plus shutdowns in other divisions of the company resulting from a shortage of parts, will change the May production and sales picture cannot be determined. General Motors' April sales to consumers totaled 143,909 units, a gain of 35% over a year ago. First 4 months' sales are up 42%. That the company did not have a better supply of parts on hand when the strike broke is a surprise to trade observers. Steps are now being taken, however, to see that a similar jam does not occur again. The Muncie, Ind., plant is being opened and \$300,000 of new tools purchased. In Pontiac, Mich., expenditures of \$3.5 millions are being made to enlarge facilities for the production of Pontiacs; output of this car in the first 4 months of 1935 equaled 92% of the entire 1934 production.

Motor Sales Up 98%

Other motor producers are pushing hard on sales. Chrysler is celebrating an extraordinary first quarter; sales for that period were the highest in the

history of the company and profits jumped from \$3.3 millions to \$9.2 millions. March passenger car sales of all makes were 98% ahead of last year, and tentative April figures indicate that the March totals will be left far behind.

Machine Tools Wanted

Machine tool makers have just concluded the best April business in 5 years. Revival in the volume of business purchases as represented by the expansion of machine tool sales is one of the most promising aspects of the current revival. New England plants of all types, except textiles, are reported to be in the market for new equipment. One Cleveland firm has just received an order to construct a complete plant for the manufacture of bottle-washing machinery for which \$1 million of equipment will be required. Allis-Chalmers has a \$1-million order for steel mill machinery. Ford is going ahead on his expansion program which was recently swelled to \$27 millions by the purchase of 61 coke ovens. National Steel is registering a \$50-million bond issue, of which \$9 millions will be used to cover plant extensions.

Housing Drive Takes Hold

Last month, residential contracts awarded in the 37 states east of the Rockies were the most important group in the \$124.3-million total of new construction awards. Not for many years has the residential division taken precedence over non-residential and public works and utility contracts. It was the only group that bettered March figures, and it pulled the grand total of construction 1% ahead of the preceding month. Non-residential contracts fell 7% under March, but gained 8% over April, 1934. Public works and utility awards were 13% smaller than in March, 42% smaller than a year ago. Heavy engineering contracts reported by *Engineering News-Record* for the first 4 months of 1935 indicate that private projects were 33% above the same period of 1934, while public projects declined. Lumber business booked in the last week of April was the largest for any week since November, 1933.

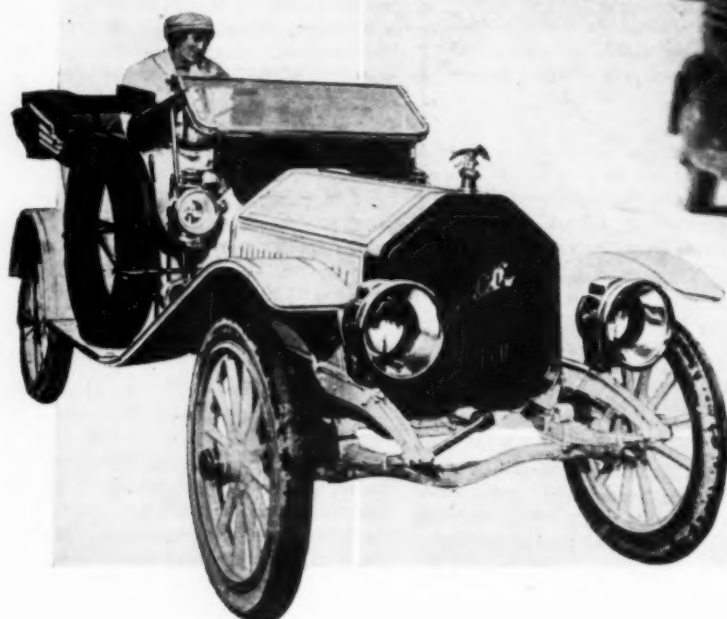
Consumer Buying Increases

First-quarter orders reported by 78 electrical goods manufacturers topped \$121.8 millions—the best record for the period since 1931 and 32% better than a year ago. And second-quarter volume in the past 9 years has usually been better than that for the first quarter. Sales of 22 chain organizations, including 3 mail order houses, totaled \$193.5 millions in April compared with \$162.8 millions a year ago.

80 MILE-AN-HOUR CARS

'20 Mile-an-Hour' Concrete

THEN: Detours didn't matter—you had to get out and get under anyway.



NOW: It's different today, with 53 times as many cars on the road, and 3 or 4 times the top speed.

DETOURS didn't matter, when that fine old 1910 Buick was in its prime. What if it did take 21 days for a stretch of new concrete to harden? The car-owner didn't mind—he usually had to get out and get under anyway.

It's different today. Fifty-three times as many cars on the road—top speeds of 60, 70, 80—motor transportation a vital part of the nation's economic and social life. No time now for time-wasting, nerve-wracking detours.

Why Detours Persist

But it still takes ordinary concrete 7 to 10 days to harden—which explains many a delay in your day's journey. Yet, the fact is that cement manufacturing has matched advances in automobile construction. Through a basic improve-

ment in manufacturing process, 'Incor' Cement hardens in 24 hours. Result, concrete is placed today—you drive on it tomorrow. Example: the Ford shown above is "doing" 65, on a stretch of 'Incor' concrete opened to traffic in 24 hours. 'Incor' saved car-owners several weeks' detouring over a narrow dirt road, 5 miles longer than the main highway.

What to Do About It

You'll agree that concrete that was good enough for 20-mile-an-hour motors is a costly waste for cars with top speeds of 70 or 80. Then why not tell your local highway officials to use 'Incor'* 24-Hour Cement? Made and sold by producers of Lone Star Cement, subsidiaries of International Cement Corporation, New York; also sold by other leading cement manufacturers.

*Reg. U. S. Pat. Off.

'INCOR' 24-Hour Cement

Washington Bulletin

WASHINGTON (By Business Week Staff Correspondents)—Despite the rise of inflation sentiment, pumped up by Father Coughlin and Senator McAdoo, the odds are still on the Senate to sustain the Presidential veto which the House will override. The Senators may split close enough to make one unexpected switch perilous, but the President has a lot of vote-persuaders he can use in a pinch.

Even a safe veto doesn't mean safety from the bonus, however. Senators and representatives have shown how much they fear the soldier vote. So behind the probable defeat of the Patman bill is the probable enactment of something like Senator Harrison's compromise measure, tied to the tail of a "must" bill.

Inflation Isn't that Strong

As goes the Senate vote on this veto, so goes the fear of greenbacks now. The Patman ballot was no true test of inflation strength. Inflation without the soldier backing would lose a bunch of these votes. And some senators said "yes" to 2 billion-odd greenbacks just to load the bill down and make sure of sustaining a veto.

But Some Day, Maybe

At the same time, inflation sentiment is growing and McAdoo's dressing up of the subject with fancy and soothing verbiage was highly effective. The whole drift indicates that, for some other desired project, next year or the year after, Congress might really go to greenbacks.

Tax Proposals

Tax recommendations of Secretary Roper's Business Planning and Advisory Council will include: consolidated returns, redefinition of capital gains, elimination of taxable gains in corporate reorganization, also of tax-exempt securities, and of requirements as to corporation salaries.

Salary Publicity Protest

The same people who started the victorious fight on pink slip income tax publicity are now figuring on a drive against salary publicity. They will have less popular support this time—which means less chance of winning. It was the deluge of letters from John Taxpayer alias John Voter which won the pink slip fight, not the merits of the case.

TVA Amendments Reported

Utility workers in Washington, basking in the success of the campaign to modify the President's unfriendly plans for their industry (which was actually won by the letter-writing util-

DAY IN COURT

Supreme Court rejection of the rail pension act doesn't mean wholesale revamping of social security bills and other items on the "must" program. There will be only mild alterations simulating compliance with the Court's ruling. New Dealers are betting on changes on the high bench before any of their new legislation can be carried that high up—changes in the right wing, of course.

ity security holders) were asleep at the switch when wily George Norris of Nebraska had the Senate Agricultural Committee report favorably on the TVA amendments. Now they have a nice uphill fight to get the bill re-committed so they can register protests at hearings. The real importance of these "clarifying" amendments is not that they seek escape from unfavorable court decision but that they complicate the yardstick for measuring what utility rates ought to be.

Code Laws Sought

Fearing failure of NIRA extension or a breakdown in NRA, several industries will seek to freeze their codes in separate legislation. A bill covering the construction group has been drafted, comes up soon.

Work Leaders Don't Gee

Ickes, Hopkins, and Walker "cooperating" on the work-relief "round table" remind critics of the fable about the crab, fish, and bird hitched to a wagon. The Ickes faction may succeed in putting the emphasis on projects which show something for the money spent. But the conviction grows that, to get 3.5 million men at work, the President will be forced into such a nondescript variety of jobs as characterized CWA.

Bankrupt Benefit

Cities reaching for work-relief money are maneuvering to look as

poor as possible, especially since the President thinks "bankrupt" ones should be treated better than those which used discretion in spending. Eventually those that wait long enough will get outright grants, but not for the projects they prefer. Washington will still hope to make them borrow for those.

Rail Relief

Chairman Rayburn of the House Interstate Commerce Committee will remove an old thorn from the side of the railroads if he can push through his bill to modify the long-and-short-haul clause. This will probably take the form of lifting the requirement that a through rate made lower than that to an intermediate point must be compensatory.

Redraft Alcohol Regulation

The Doughton and Celler bills clarifying industrial alcohol regulation seem sidetracked for this session. Treasury officials will work out a complete redraft of legislation in cooperation with alcohol producers. That will take time—more than is likely to be available this year.

Peek Has His Day

Publication of George Peek's report, tending to belittle Hull's reciprocal trade treaties and boost his own international barter plan, was just an instance of Roosevelt's policy of giving every member of the team a chance at bat—or a day on the front page. The President still backs Hull and the reciprocity idea.

Stabilization Away Off

Stabilization of currency—so much desired in the interest of international trade—is still a long way ahead. Not even the preliminary informal agreement, essential to a "world conference," is in sight yet.

Return of the Native

Putting James Roosevelt in charge of the ancestral estates on the Hudson doesn't come under the head of a back-to-the-land movement. Actually, the President will use his eldest and politically ambitious son for many White House chores, despite the denial that he will join the secretariat.

A Rumored Resurrection

Talk is going around that Copeland's pure food and drug bill may yet be brought back from the grave. It isn't as impossible as it sounds. Thanks to compromises, some powerful trade interests can now be listed in the column of those agitating for it this session. They think it's been a bogey long enough.

FIRST SIX MONTHS OF SILENT REVOLUTION WERE HARDEST

Review of the first half year of the Silent L C Smith all over America. This country apparently was waiting for a silent typewriter that was also a standard typewriter. Silent L C Smith has met the demand. As these reports show:

Its Own "Silent" Salesman

San Francisco, California—Salesman leaves Silent L C Smith on trial with other makes. Is told: "I am warning you. You will have all kinds of competition. The name of the typewriter we select will go on the requisition and it will eventually mean the sale of a number of machines of the kind we choose." A few weeks later: "Here's the requisition. As you see, your name—Silent L C Smith—is typed on it by your own typewriter."

Starts Silent . . . Stays Silent

Dallas, Texas—Letter from a customer: "Sometime ago we purchased one of your new Silent L C Smith typewriters and it is a great pleasure to tell you that this machine has been doing perfect work. It is as silent as the day it was first installed. We expect to equip our entire office with these silent machines."

Standard Through and Through

St. Louis, Missouri—Customer says: "Our efficiency expert took your machine apart. Said it was the most practical silent typewriter of all. Fewest moving parts. Simplest mechanism. We ordered seventeen. They are being used by our field executives."

L C Smith in Washington

Washington, D. C.—L C Smith salesman writes the home office: "Our Silent L C Smith has made a fine impression upon the secretaries of Congressmen in Washington."

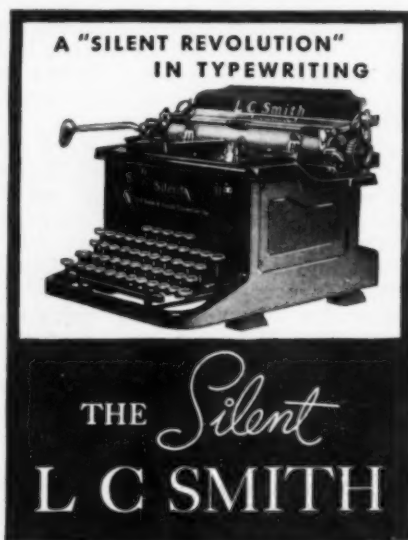
Silent but Swift

New York, N. Y.—An executive in a publishing house tells us: "My secretary's writing always seemed retarded by our old machine but since we acquired a Silent L C Smith, its eager action seems to pull her along with it."

In Conclusion . . .

Above are the unassailable results. No buyer need hesitate now if he wants to invest in a silent machine that is also a sturdy standard machine. If quiet is to him a business asset, he is in effect investing in obsolescence when he purchases a potentially noisy typewriter.

L C SMITH & CORONA TYPEWRITERS INC
SYRACUSE NEW YORK



MAY 11, 1935

5 to 4 Against

Supreme Court majority decision knocking out railroad pension act seems to threaten NIRA and Roosevelt's old-age and unemployment insurance.

FIVE of the 9 justices of the United States Supreme Court completely smashed the railroad pension act this week, and their manner of doing it suggested that they would severely limit the National Industrial Recovery Act and would smash any social security legislation that may be passed by Congress.

They flatly denied that Congress can use its constitutional authority over interstate commerce for merely social and humanitarian ends, as contrasted with the protection of legal rights. Now, NIRA was passed under the interstate commerce clause, and hence it may be doomed by the application of the same logic. But—the court upheld the government in the gold cases, apparently because to do otherwise would be to produce tremendous economic wreckage. Perhaps the same fear will induce the court to limit its decision against NIRA so as not to upset all the economic structures that have been erected upon the codes.

Taxing Power Again

The logic of the court, too, appears to threaten the old-age and unemployment insurance legislation which President Roosevelt is supporting. That legislation, however, is predicated not on the constitutional authority of Congress to regulate interstate commerce but on its constitutional authority to tax. Under this authority, Congress has generally been allowed a freer hand than under the commerce clause.

Nevertheless, the court has insisted that a taxing act must be a genuine attempt to raise revenue, and not obviously a mere use of the taxing power for social ends. And it is difficult to see how the government lawyers will be able to convince the 5 frowning justices that the social security legislation is really aimed at raising revenue. There seems to be even less chance that a new railroad pension act, based on the taxing power, would be sustained by the Supreme Court.

Many railroads now have voluntary pension systems. The pension act grouped all the roads together, compelling them to pay into a common fund, to which the employees also would pay.

(The social security legislation requires similar funds.) During the first year, the railroads would have put \$60 millions into the fund, the employees \$30 millions. Every present employee would have been enabled to retire voluntarily on pension at the age of 65. But he could have stayed on for successive periods of 1 year, if he and his employer both wanted this. At 70, however, he would have had to quit.

Moreover, 146,000 employees who had left the railroad services within one year before the passage of the act would have received pensions, depending on the length of their service. And there are a million other former railroad employees who, if reemployed at any time by their former employers or any other railroad, would have been entitled to have their previous service reckoned in calculating the pensions payable at 65.

Now the carriers are completely freed of this burden. Justice Roberts' majority opinion declares that there is no justification for pooling the railroads' payments, forcing the stronger roads to help pension the employees of the weaker. Something similar to this has been sustained by the court in workmen's compensation cases, as Chief Justice Hughes vigorously pointed out. But the majority asserts that the compensation laws merely prescribe a uniform rule of liability and a uniform remedy in situations where the worker has a right at common law against his employer. He has an established right to recover for injuries; he has no right to compensation for what Chief Justice Hughes calls "the wear and tear of time, the attrition of the years."

Threatening Phrases

Again and again, the majority opinion uses words that strike obliquely at the pending social security legislation. Such phrases as "social and humanitarian considerations" recur in scattered parts of the opinion. Justice Roberts and his 4 concurrenrs assert that considerations of this sort do not justify a congressional restraint of interstate commerce. The Roberts opinion declares this in so many



DOUSING THE NEW DEAL—Justice Owen J. Roberts, sometime backyard horticulturist, tossed some cold water on the Administration's ambitious plans for social legislation when he swung away from the "liberal bloc" in the Supreme Court to participate in the 5 to 4 decision invalidating the Railroad Retirement Act and sharply circumscribing congressional power. In the gold cases, Justice Roberts, the Court's unknown quantity, sustained the government in a 5 to 4 vote.

different ways and with such unvarying emphasis that it looks as if the social security law will have a hard time getting by the Court.

Railroad Strike?

That's the unions' threat now; but U. S. ownership or a new Supreme Court justice seems their only real hope for uniform pensions.

RAILROAD labor union leaders immediately answered the Supreme Court decision in the pension case by indicating that if they cannot get what they want through valid legislation, they will get it by striking. But there are no signs that they will go ahead on this line in the near future.

The strike threat was issued by George M. Harrison, the chairman of the Railway Labor Executives Association. If pension legislation is beyond the power of Congress, he said, the unions will "be compelled to rely upon their economic strength to compel the employers to establish a fair and decent system of retirement benefits. In other words, if they won't give us what we want, we'll have to take it from them."

But what the unions want isn't merely pensions; it is a uniform pension system, by which the stronger railroads would help the weaker. And to win this objective by a strike would mean that the stronger railroads would have to be coerced first. This is obviously difficult. The whole attempt to compel the creation of a national railroad pension fund seems almost impossible unless it is done by congressional legislation. That is why the unions sought and got the legislation. Now the Supreme Court has knocked it out. About the only real hope of the unions seems to be government ownership—or else the death or retirement of one of the majority justices, and his replacement by someone more attuned to President Roosevelt's temperament.

"Straight Killing"

Supreme Court finds minor feature of NRA case entertaining—perhaps significant.

STRONGLY reminiscent of the difficulties in the "hot-oil" cases before the Supreme Court, the government's legal team of Reed and Richberg was in hot water at several points in its arguments in the hand-picked Schechter poultry case. With NRA's authority to regulate intrastate commerce, hours and wages at stake, they argued, in effect, that under present economic conditions the so-called commerce clause of the Constitution must be construed to authorize the

Congress to regulate wages and hours of intrastate business where it could be shown that interstate commerce was affected. Basis of the argument was, of course, the theory that the raising of wages, or the prevention of their further decline, promotes recovery; that the vicious spiral of deflation had to be broken; and that it was within the power of Congress in protecting interstate commerce to decree price-raising through the codes.

In particular, Richberg sought to overcome the effect of the adverse opinion of the lower court, rendered by Judge Learned Hand, who is regarded by bar and bench alike as one of the ablest jurists of his generation. He had to admit, however, that there were few precedents to support his position; but did his smoothest to convince the court that a new set of circumstances has arisen.

Only unexpected feature of this case which may write history was the dramatic description of "straight killing" by Attorney Heller for the Schechters. Asked to explain by Justice McReynolds, he discarded his strictly legalistic vocabulary to tell how, under the code, when a customer asks for chickens, the butcher has to put his hand into the coop and take whatever birds come to him first. "And it was that for which you were convicted?" asked Justice McReynolds dryly. "On 10 counts," returned Heller ruefully, "and fined \$5,000 and given 3 months in jail."

On the surface, just a humorous diversion which the court and audience thoroughly enjoyed, the incident nevertheless served to high-light adversely the multiplicity of tedious detail with which



POWER FOR FARMS—The work relief program provides \$100 millions for rural electrification. Last week, Morris L. Cooke, consulting engineer and former chairman of the Mississippi Valley Commission who was appointed to head that development, indicated in no uncertain terms that the sum would be expended in a manner calculated to further the program of national control of utilities.

so many NRA codes are encumbered. Since even Supreme Court justices are human, it may well have registered altogether out of proportion to its purely legalistic importance.

The Big Fight

On a recheck, that battle between the President and the Chamber seems to call for smaller headlines.

SECOND thoughts take some of the drama out of the last days of the Chamber of Commerce meeting which stirred the newspapers to screaming headlines. Like most fireworks, those set off by the Chamber and the President in their rival camps were not nearly so violent as they seemed.

In the first place the Chamber resolutions, which followed the general spirit of the meeting (*BW*—May 4 '35) were properly characterized by Harper Sibley, incoming president, as expressing "an honest difference of opinion" with the government and providing a basis for discussion, perhaps compromise, and cooperation. The rift between the Chamber and Mr. Roosevelt has been obviously widening for some time. Like Mr. Sibley's election, the resolutions merely made public announcement

of the fact that the Chamber is going to fight.

These resolutions opposed the present form of the utility and banking bills, called for forthright rejection of the Wagner Labor Relations Bill and the 30-hour week measure, opposed further extension of the powers of AAA. They supported federal regulation of transportation, better aviation laws, the merchant marine subsidy plan, foreign trade negotiations as now being carried on. The NRA resolution actually followed closely the pattern of the recommendation that the President himself accepted from the Business Advisory and Planning Council. There should have been nothing surprising about any of these pronouncements.

The temptation to headlines, so far as Chamber action was concerned, came

from a single maneuver engineered by that body's way-right wingers. They changed the social security resolution to eliminate the lip-service everybody was giving to old-age pensions, as against other features of the social security program. "We favor old-age assistance whereby states and the federal government cooperate in providing reasonable pensions to indigent persons who are now aged" came out and, with it, a backhand suggestion which might have been construed as favoring federal grant-in-aid for unemployment benefits. Nothing very strong went in, however, and the resolution was fairly innocuous. Main result was to get the Chamber on record against hasty action and in favor of another year of study on the highly complicated problem.

Counter-Attack

However, that started the Presidential fireworks, which were shot off during an informal call at the White House by members of Secretary Roper's Business Advisory and Planning Council and were repeated to newspaper men the next day when the astonished Council members failed to do public justice to a Presidential oration on how business organizations misrepresent business opinion. (The President's temper may be judged by the fact that he dragged in New York's famous Triangle Shirt Co. fire and the factory safety laws in illustrating his views on the chronic opposition of business organizations to new deals.)

Second thoughts in Washington also take some of the drama out of this superficially bold defiance of business opinion. The answer to how the President could dare to do this to the Chamber is fairly easy.

Chance for a Political Play

In the first place, the Chamber's right wing maneuver had left a big hole through which Mr. Roosevelt could drive a news peg for the old story that he had always been a progressive, looking out for factory girls in danger of being burned, for machine-crippled workers, the underdog generally. The Chamber's very public change in the social security resolution was not politically sagacious—or, at least, so the White House quickly concluded.

The rest of the answer is that the President had also concluded that the Chamber has no votes to deliver. Excepting Southerners, most business men opposed to the New Deal for whom the Chamber claims to speak will vote a year from next November for a Republican anyway. No attack on the Chamber could affect that certainty. As for those of the minority opposed to the Chamber's resolutions and intending to vote for the President despite continuance of New Deal policies, it is pretty difficult to figure that any one of them would be so stirred by loyalty to

the Chamber that, 18 months later, he would vote for a Republican he didn't like and a platform he didn't approve just to punish Roosevelt. That sort of thing doesn't happen politically. So the President was no David risking a slingshot against a giant. He was just a smart politician kicking something he figured couldn't hurt him.

Two hundred business men in one congressional district, acting individually and hounding their congressman, can make him vote for or against almost

anything. A slightly larger number in one state, putting the screws on their senators, can accomplish wonders.

Which, being as this session of Congress has a while to run, is a sound tip to Chamber delegates who really want to do something besides blow off indignant steam. Otherwise, that steam will cool and heat many times between now and November, 1936, with a strong probability that its temperature then will have nothing to do with its present bubbling.

"Bigness" Alone Is No Crime

Court applies a rule of reason in deciding against government on Republic-Corrigan merger.

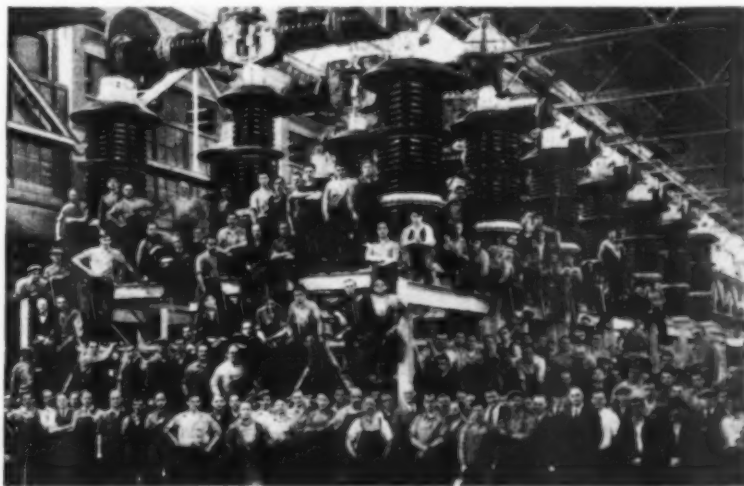
MERE bigness isn't a big enough objection on which to prohibit a corporation merger. This is a significant point in the decision by which United States Judge Fred S. Raymond in Cleveland overruled the government's objections to the merger of the Republic Steel Corp. and the Corrigan, McKinney Steel Co.

When this suit was instituted, Washington offered 2 explanations: The Administration, having a soft spot for the small business man and a sensitive ear for his defenders in Congress, wanted to keep down the size of American business units; (2) the President was anxious to hold down the price of steel to facilitate recovery.

Judge Raymond has, for the time being at least, checked any ambitions for a judicial drive on bigness. As to prices, he said that a third steel giant ranking next to U. S. Steel and Bethlehem would

not restrain competition, explained that, while Republic and Corrigan, McKinney would no longer compete against each other, they would jointly wage a stronger fight against the rest of the steel producers—which might bring prices down.

Republic wanted this merger to get more supplies of iron and coal and more facilities for manufacturing pig iron and semi-finished steel, thus to reduce manufacturing and distribution costs. Corrigan, McKinney, the judge said, wanted "to unite its stockholders with a corporation having an excess of finishing facilities, thereby obviating the necessity for further capital expenditures in construction or acquisition of finishing plants." He added that the net result would be "better-balanced facilities making possible manufacture at lowered costs." The court approved these as good and sufficient reasons for a tieup,



DAM ACCESSORY—Built for use on the 270-mile, 287,500-volt transmission line from Boulder Dam to Los Angeles, these world's highest-voltage circuit breakers were ready for shipment this week from the Philadelphia plant of the General Electric Co. to L.A.'s Bureau of Power & Light. Boasting greater speed of operation, these new-type breakers require only 5% as much oil as is ordinarily used. Seven of the 24 poles which go to make the 8 breakers are shown in this picture.

the government's objections notwithstanding.

Corrigan, McKinney has lacked sufficient customers, especially for the great amount of pig iron it can produce. Republic has needed a larger site near the Cleveland and Detroit steel markets; also more ingot capacity than its plants downstate possess, and a continuous mill of greater capacity than its relatively old property at the Turnbull works in Warren, O.

New Mills Scheduled

If plans are not changed by unfavorable results of a government appeal from Judge Raymond's decision, the enlarged company will probably go forward with the continuous mill which it has already engineered for the Corrigan site in Cleveland. This would roll strip 74 in. wide for the automobile body market in the Cleveland and Michigan area, and also for Republic's new dwelling houses, of the kind now being experimentally built in Washington (*BW*—May 7 '35). Republic may move its general offices from Youngstown to Cleveland, where its president, Tom M. Girdler, highly regarded throughout the steel industry, already has his own office.

Meanwhile, the removal of the Corrigan property from the market will dispose of the possibility of its being sold to a steel user like General Motors, which tried in 1933 to get control of its output for 2 years.

If the merger finally rides to victory, it will facilitate the liquidation of the Union Trust Co. in Cleveland, as the string of holding companies interested in the Corrigan property receive stock in a listed company, making possible the payment of corporate and individual debts to the Union Trust estate. Right after Judge Raymond's decision, the passbooks of the Union Trust gained 9 points in the Cleveland over-the-counter market.

Steam-Diesel War

Milwaukee's streamlined steam locomotive meets North Western's standard train and Burlington's diesel Zephyr.

SNORTING out of the American Locomotive Company's plant in Schenectady, N. Y., America's latest-model iron horse went on the warpath last week—an engineer decked in Indian war paint and feathered headdress at the throttle.

Obvious excuse for the showmanship was the fact that this new stream-lined steam engine is scheduled to pull the Chicago, Milwaukee, St. Paul & Pacific Railroad's *Hiawatha*. But spectators at the dedication ceremony read a deeper significance into the symbolism. This particular iron horse, with its bellicose trappings of red and yellow paint, has a real fight ahead of it.

Nation's "Hot Spot"

Latter part of this month it will see service in the nation's transportation "hot spot"—on the route between Chicago and the Twin Cities where its operating record will be carefully compared with those of a standard steam train and a lightweight, diesel-powered unit of the modern mode.

The Chicago & North Western Railway initiated the 3-cornered fight in January, when it launched its 400 on a 7-hr. schedule for the 408-mile run. After holding the speed record for 4 months, it surrendered the title a fortnight ago to the new Burlington *Zephyr*. Although both trains now operate on a 6½-hr. schedule, the *Zephyr* claims the record by virtue of the fact that it travels the longer route—431 miles—hence has the higher m.p.h. average, 66.2.

When the new Milwaukee Road's oil-burning steam locomotive begins its regular runs it will also operate on a 6½-hr. schedule (410 miles). Neverthe-

less, officials of the American Locomotive Co. were pleased to refer to it as last week's dedication as the "world's fastest train," claiming for it maximum speeds in excess of 2 miles a minute.

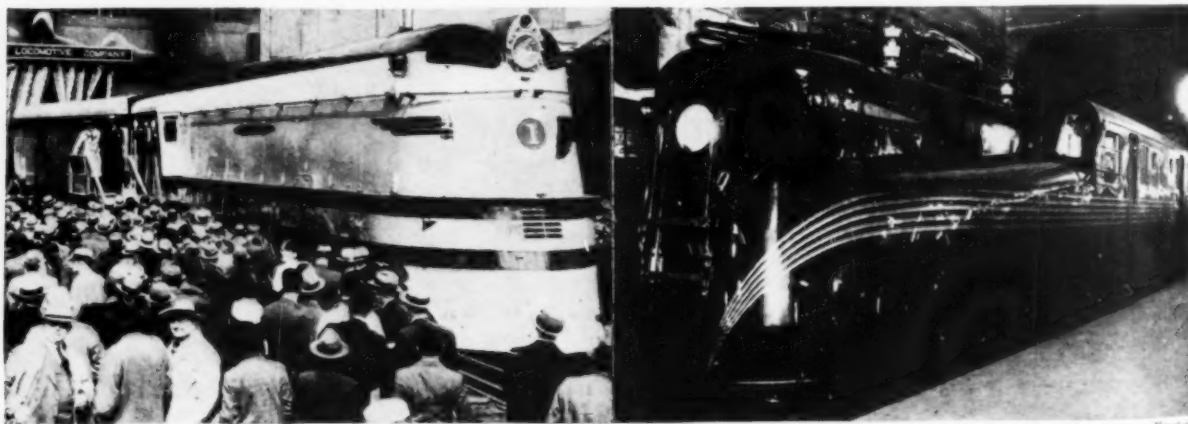
With all 3 trains on equal schedules critical issues at stake will be steam vs. diesel power, streamlined, lightweight construction vs. conventional design.

Advocates of steam power reaffirmed their faith last week by pointing out that none of the new diesel trains had yet touched performance records established by steam trains in the nineteenth century. (In 1896, the Reading Railroad's Atlantic City Express ran between Camden and Atlantic City on a schedule which demanded a 69 m.p.h. average, an 85 m.p.h. cruising speed; she kept that schedule for years, hauling 5 or 6 cars all the time.) Emphasizing the flexibility of steam trains, they also pointed out that the new diesel units could not handle through cars between various destinations on different roads, could not be altered to accommodate varied traffic demands.

Lighter Cars Used

Not only is the new Milwaukee locomotive lighter in weight than standard Pacific-type models but it will haul specially constructed, lighter weight cars on the *Hiawatha*. This, it is claimed, will make for cheaper operation, longer locomotive life, and lower roadbed maintenance costs without sacrifice of passenger comfort or safety.

Unperturbed by these arguments in favor of streamlined steam trains for long hauls, the Union Pacific announced this week that its original diesel streamliner, *M-10001*, "the world's fastest long-distance, pullman-equipped passenger train" would begin service between Chicago and Portland, Ore., within a month. A seventh car has been added in the articulated unit, spring construction altered to eliminate vibration.



STREAMLINING THE IRON HORSE: TWO VERSIONS—On May 1, out of the American Locomotive Co. shops in Schenectady rolled the Milwaukee Road's new streamlined steam locomotive (left). Hailed as the "world's fastest," it will pull the specially constructed lightweight *Hiawatha* train between Chicago and the Twin Cities. On May 2, first of the Pennsylvania Railroad's latest-model electric engines was delivered for service. Boasting a seamless, electrically-welded surface (earlier units were riveted) and the "most powerful electric power units" yet devised, it will haul standard weight cars at speeds of 100 m.p.h.



WANTED: 10 MILLION VISITORS—When officials of the California Pacific International Exposition look down the Avenida de Los Palacios, the fair's main thoroughfare seen here from the Tower of the Science of Man, they visualize gay summer crowds, translate them into the millions of paid admissions necessary to guarantee success of the venture. The big show opens in San Diego on May 29.

California, There She Goes!

San Diego uses 20-year-old exposition buildings once more, times second fair to a general California upturn.

AMERICAN cities have a high-handed habit of spending millions on temporary buildings for great expositions. Ephemeral palaces are often left standing after the show closes, becoming in time pathetic piles of shabby grandeur. San Diego pondered this foolish tradition when she planned her Panama California Exposition 20 years ago. The result was permanent principal buildings in beautiful Balboa Park. Since then the various structures, of indigenous Spanish architecture, have been used for various community exhibitions and activities. This year they return to their original employment.

Hopes Based on Chicago

Using some 15 of the buildings as a nucleus, San Diego inaugurates on May 29 the California Pacific International Exposition, covering 300 acres, with a total of 100 structures. The 2-year Chicago fair is over. Its popularity, especially with motorists, is a basis for expectations of 10 million visitors for San Diego. If interest holds, the exposition may be extended into the winter—giving outland tourists some idea of a climate that justifies its boosters.

The return engagement celebrates 4 centuries of western progress. Boulder Dam, the Grand Coulee project, San Francisco's new bridges, other outstanding public works will have prominent

places in the displays. Visitors of interest will include President Roosevelt and the Navy's grand fleet. Railroads, ship lines, airplane companies, bus concerns will feature the fair in advertising, will help by special fares.

The exposition offers displays on science, business, mechanics, agriculture, art, natural history, transportation, etc. The United States government exhibit includes 20 federal departments, is housed in a \$350,000 hall. California has a building all her own with displays to prove her claims to unique classification. There are ambitious exhibits by Ford, Standard Oil, Shell, Standard Brands, Bank of America, and others.

The San Diego fair is timed to a general California upturn. Improvement is not spectacular, but general enough to be really significant. There is a lift in such vital indices as agriculture, manufacturing, carloadings, payrolls, bank debits. The state is primarily agricultural and the most important improvement has been in this field. Huge surpluses were produced last year but intelligent marketing agreements helped growers to avoid price collapses.

Prohibition repeal is blamed for the 2 important declines in acre value of California's major crops. Hop growers and vineyardists went slightly haywire when the 18th Amendment was re-

moved from their necks. Production of hops whooped from 10½ million lb. in 1933, to 11½ million lb. in 1934. Wine grape tonnage rose from 420,000 tons to 446,000. Decline in value per acre was, for wine grapes, from \$44.17 to \$35.15; for hops, from \$495 to \$202.53.

Farm Income Gains

In some cases both production and acre value were up. Thus cantaloupes marketed rose from 5½ million crates to 6.2 millions, while acre value hopped from \$118.05 to \$190.23. Tonnage of table grapes went from 267,000 to 299,000; acre value from \$41.82 to \$75.86. There were heavy increases in acre income for barley, beans, cotton, hay, peaches, pears, asparagus.

While the Mid-West suffers from drought, California reports plentiful rains. Shortages of meat and feed crops in the dry areas will inevitably help the Californian. His grain and hay crops are set for a heavy yield. Sheep and cattle ranges are lush—richer than they have been for 20 years. Ranchers and fruit growers generally take no part in this outcry against AAA. Marketing agreements are expected to continue the gains made in prices since 1932. The navel orange outlook is for a 19-million box crop, which is 7 millions over last year. (Larger size fruit is one reason.) The Valencia orange crop is figured at 22 millions, against 16½ millions for 1934. Californians figure that the danger of soft prices from such huge increases is offset somewhat by frost damage to Florida production.

Taking on Ballast

Important among the California blessings is a boom in small farms (*BW*—*Nov 10 '34*). They are bought by families who demand subsistence acres as a guarantee of economic independence. Some come from drought areas but others are retiring Mid-Westerners who yearn for California as the Mussulman yearns for Mecca. Increasing numbers of small property owners will act as social ballast against the boat-rocking elements for which the state is also famous.

With agriculture and interstate immigration convalescing so rapidly, business improvement was inevitable. The state Chamber of Commerce figures the annual employment wage average for 1934 at 27% over the 1932 low, and 15.3% above 1933. (Average number of wage earners in 1934 was 233,000.) Durable goods industries report the best gain—20% over 1933. Bank debits tend upward. Fourteen cities had increases of 11.3% over 1933.

Because of vast distances and good roads, California automobile registrations have always been a fair barometer of conditions. In 1933 the state had 1,958,000 cars, was second only to New York. New registrations rose from 97,665 in that year, to 117,490 in 1934.

and for the first 2 months of 1935 were double the previous year.

Labor unrest clouds an otherwise sunny picture. The dock strike is still an unpleasant memory. Shipping men are uneasy. The lumber industry is threatened. Manufacturers are wondering whether they will become involved.

Chain Tax Trail

As the end of the open season for state taxes approaches, chains find they fared not too badly.

IOWA has just joined the 16 other states that have chain tax laws on their statute books, but legal-minded critics suggest that the Iowa lawmakers had better refrain from budgeting any of the expected \$5 millions of new revenue, because the courts are likely to kick the props from under the new levy. This because the legislators out where the tall corn grows were not satisfied with adopting a modest but constitution-proof single chain tax such as Indiana carried to victory in the U. S. Supreme Court (*Blw*—Nov 30 '32). They wanted more, and so, to a per-store levy graduated up to \$155 a year for the 20th and all subsequent stores, they added a tax on receipts that starts with \$25 on the first \$50,000 and is graduated upward to a straight 10% on annual receipts of \$10 millions and over. This latter levy is similar to the kind of graduated sales tax that West Virginia tried, but that

the courts threw out. Iowa may be in for a similar experience.

Meanwhile chain operators are still keeping their eyes peeled for trouble in the 18 legislatures that have not yet adjourned. Florida sticks out like a sore thumb, for it is proposed there to outlaw all chains except those owned and operated by Floridians.

Such a bill has already passed the Florida Senate and is now before the House. It appears, however, that chain-baiting State Senator Tillman has some doubts about putting such a drastic annihilation program over, because he has also introduced a bill that would tax chains from \$5 to \$300 per store and 1% to 6% on receipts.

Reviewing the 1935 gunning season, chain store interests are pretty well satisfied with results so far. In Nebraska the legislators passed a chain tax, but found that a few details had been neglected so that they may have to do it all over again next season. On the basis of returns already in, chain stores do not anticipate having more than 4 new laws to battle.

Officials of such chains as those in the grocery, drug, cigar, variety, and shoe fields are glad that in recent years they have had the big oil chain operators fighting with them on this ever broadening tax front. It is thought that in several states the influence exerted by the oil chains and their station employees through contact with the consumer, contributed much to the defeat of chain tax measures.

Some oil men predict that, if the present process of supertaxing continues, many oil station chains will be broken up, each link being leased for operation as a separate unit.

Back to Bags

"Dated coffee needs no metal," says Standard Brands. But there's a strong dissent.

It's back to paper bags for Chase & Sanborn's dated coffee.

Ironically enough, Chase & Sanborn claims the credit for having originally introduced the sealed tin container as the best available method of preserving the freshness of roasted coffee. That was back in 1878, when national brands were practically unheard of.

Today Standard Brands, Inc., owner of Chase & Sanborn, maintains 9 strategically-located roasting plants from which its 3,500 route delivery trucks are said to maintain such a fast direct and regular service to retailers that no coffee remains on a grocer's shelves more than 10 days. Pointing this out, the company explains that "the use of an expensive container in an attempt to preserve coffee freshness is a waste of money so far as Chase & Sanborn is concerned."

As a result of field tests during the last 2 years, Standard Brand officials are satisfied that consumers will like the change—particularly when they are told that the saving effected by elimination of the metal container will be passed on to them. Of course, a strong opposition replies that the result will be more business for competitors who continue to use the tin container. This school insists that only airtight metal—or glass—will retain the strength and aroma of the coffee after roasting. Merchandising dissenters add that advertising has taught the public to accept this viewpoint and expect a high-class coffee to come in something else than a bag.

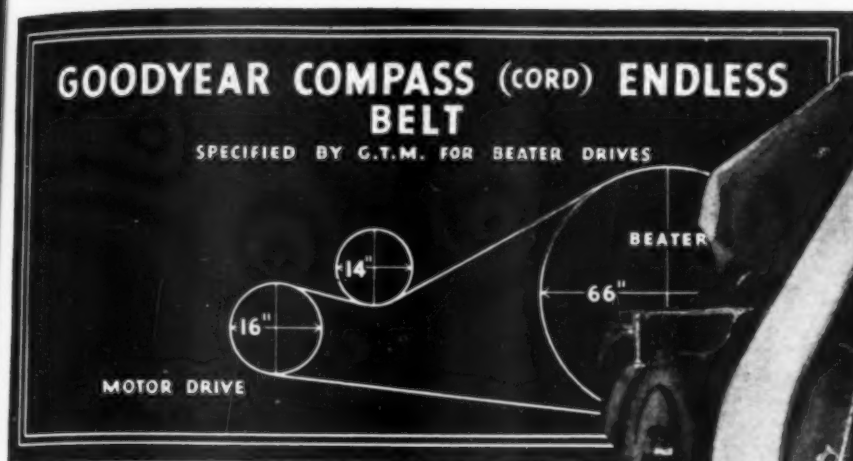
Retailers admit that coffee in ready-packaged bags accounts for a large portion of sales, and that during the depression the lower-priced coffees have been by far the biggest sellers. However, they have also found that people swing back to the higher grades just as soon as they can afford it—and that has meant coffee in cans.

Observers suggest that Standard Brands is leaving the door open for the tin container by not switching to bags in the Chicago area and certain Northwestern sections. Meanwhile, the corporation's strongest competitor, General Foods, continues to use the "vita-fresh" process and tin containers for its leading brand of coffee—and reports that Maxwell House plants have been running extra shifts.



CAPITAL AND THE CARPENTER—Signalizing completion of the 38-story International Building and the 6-story Palazzo d'Italia, seventh and eighth units to be finished in the Rockefeller Center development on New York's Fifth Avenue, Nelson Rockefeller (right) presents a craftsmanship certificate and a gold button to Royal Taft, a carpenter on the job, while John Lowry, builder, looks on. Similar awards were presented to 30 other members of the construction crew.

IN ONE YEAR HE CUT THEIR BELTING BILL IN HALF



Typical example of savings effected by G.T.M. Analysis Plan

PRIOR to 1933 a leading manufacturer of paper containers was plagued with belt trouble. On some drives belts were giving only a few weeks' service; six months was exceptional on others.

Then the G. T. M.—Goodyear Technical Man—entered the picture. This practical expert made a detailed study of operating conditions—analyzed every drive—and finally recommended a complete belting program.

Here are the records of some of the severest drives in the plant since the adoption of the G. T. M. plan.

Not one service failure

Hot Air Fan on paper machine.
A difficult high speed drive,

exposed to extreme heat. Best previous belt gave six weeks' service. G. T. M.-specified Goodyear COMPASS Belt has given 2 years' continuous service—and the motor has never been taken up!

Helper Drive on paper machine.
Adverse heat and water conditions. Previous belts lasted 5 to 6 months. Goodyear COMPASS Belt still going strong after full year's service.

Agitator Drive. Previous belts broke down every three weeks. Goodyear COMPASS has given 18 months' trouble-free service.
Whipper Drive—runs in water continuously. Former belts lasted 3 days to a week. Goodyear COMPASS in service 18 months.

Production UP—Costs DOWN

As a result of this exceptional service, the company reports that although their production was greater, their belting costs were reduced 50% the first year under the G. T. M. plan.

The G. T. M. is ready to make a similar money-saving analysis for you—to specify service-proved Goodyear products to your individual operating requirements. To consult him, write Goodyear, Akron, O., or Los Angeles, Calif.—or the nearest Goodyear Mechanical Rubber Goods Distributor.

BELTS • MOLDED GOODS
HOSE • PACKING

MADE BY THE MAKERS OF GOODYEAR TIRES

THE GREATEST NAME IN RUBBER

GOODYEAR



TRANSPLANTING FARMERS—When the government offered 40-acre Alaskan homesteads at bargain rates (\$3,000 and 30 years to pay) to hardy but impoverished farmers in the Northwest, 700 of them, counting men, women, and children, set out on the government-financed sojourn to the government-improved promised land. Here the first contingent is boarding the transport *St. Michel*, while friends and relatives line the San Francisco dock to bid them god-speed—and happy federal farming.

Glass Industry Rides in a Car

Demand for "safety" windows in automobiles has brought the flat glass makers back but they are also counting on a demand for housing.

FLAT glass manufacturers are smiling again these days as they watch the upward movement of their business. During the first quarter of 1935, window glass sales (on a footage basis) were up 33% from 1934, plate glass sales 28%, safety glass sales almost 75%. The depression low for the industry occurred in 1932, with the volume down 70% from 1929. Over the last 2½ years business has bounded back up to within 35% of the top.

Safety glass is the life preserver which has kept the industry's head well above water. Initial impetus to the demand for safety glass is credited to Henry Ford, who first introduced it on model A. During the depression the market for this product spread with the speed of a prairie fire. This growth was doubly acceptable, since safety glass, consisting of 2 layers of glass bound together, takes twice the footage of ordinary glass.

13 States Now in Line

Thirteen states, with 45% of total car registrations, now have laws requiring safety glass in new automobiles sold within their boundaries. Illinois and California are on the verge of passing similar legislation, thus putting over half of U. S. car-owning population in "safety-glass" states. More than a dozen other states have pending bills. In addition, some have partial legislation, specifying that school buses and, in some cases, all passenger buses must be equipped with safety glass. These compulsory regulations, plus sales in states

where safety glass still is optional, will result in 70% of the new 1935 cars' having safety glass all around.

It won't be long, prophesy glass companies, until ordinary glass in motor cars will be rare. The point is, too, that increased volume of safety glass has necessitated larger production, has lowered costs to manufacturers and reduced retail prices to car owners. It probably won't be long until it will be more expensive for a motorist to get ordinary glass, if he is foolish enough to insist on it, than safety glass, which will become standard equipment. The victory of safety glass (with its double footage) then will be complete.

Far from pleasing to the industry, of course, is Ford's \$3-million program for rehabilitation and improvement of its glass plant at Dearborn to make safety glass beginning next winter. Only consolation is the fact that Ford still will have to buy glass outside, as the capacity of its plant will not be large enough to supply all V-8 cars and trucks. Ford has gone ahead with this program because it long has had a policy of manufacturing part of its own requirements of materials and parts running into large volume (coal, steel, bodies, wheels, frames). It likewise will have a production cushion of its own to fall back on in case of possible future tie-ups of glass manufacturers' plants through strikes. Then the presence of a plant which can be operated at will by Ford somehow has a certain persuasive effect on keep-

ing prices down generally within a whole industry.

While safety glass perhaps has stolen the show in sales expansion, window and plate glass demand is growing. After discounting extravagant claims of federal officials, flat glass makers figure that about 350,000 new houses will be built this year, with corresponding stimulation of glass consumption. Moreover, replacement business has been greater than the industry had anticipated. Incidentally, the trend is toward more use of plate glass in residences because of its better appearance. Today the relative dollar volume of window glass to plate glass sales is 40%-60%.

Price Problems

The industry has been plagued with low selling prices. Last fall the first price advance which stuck was put into effect—about 15% up on window glass. NRA has added considerably to labor and materials costs. Increased sales and better productive efficiency have only partly offset these handicaps. Glass manufacturers are acting to stabilize production, improve their plants. Libbey-Owens-Ford is spending \$1.7 millions to augment its output of safety glass and provide more warehousing space. The peak in glass sales is in the first 6 months of the year. Plans are afoot to build more glass in the off-season and store it against future demand. Result will be steadier employment.

Libbey-Owens-Ford and Pittsburgh Plate Glass continue to dominate the flat glass industry, make practically all the safety glass for automobiles. About 5% of the industry's business is export, principal markets being Canada, Hawaii, and Japan. American companies also have financial interests in foreign companies. The industry is a little jittery about the lowered tariff on Belgian glass and devaluation of the belga.

Pioneers, New Style

Government offers Alaskan homesteads to farmers in effort to make rural population self-sustaining.

FEDERAL efforts to remove rural families from wornout land to productive acreage got into the newsreels when the army transport *St. Mihiel* sailed from San Francisco for Seward, Alaska, recently. On board were 700 persons (165 of them women and children). Their destination was pioneer farming country in the far Matanuska Valley. The families were gathered from Wisconsin, Michigan, Minnesota, are accustomed to severe winters. Other sailings will increase the migration to 1,000.

The government will sell the land to the newcomers, will aid in clearing and home building. Modern power machines will take most of the backaches out of preparing the acres for farming. Each settler will pay \$3,000 for a tract of 40 improved acres. Interest rate is 3% but no interest or principal collection will be made for 4 years. Payments may be spread over 30 years. Each farm will have a log house with running water, also indoor chemical toilets. The colony's community center will have a 400-child schoolhouse, a non-denominational church, creamery, cannery, stores.

Alaskan Markets Open

Plans are for the colony to raise its own sustenance, to sell the surplus to other Alaskan markets which now import food from the United States at heavy transportation and storage costs.

While the migration is bent on farming, youngsters may be lured by the tales of sourdoughs to hunt for gold in the 10,000-foot Talkeetna Mountains which flank the valley.

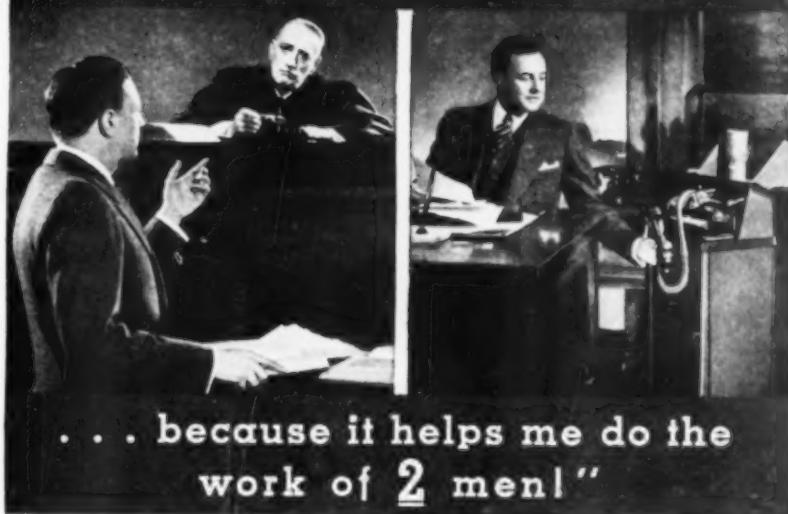
The government is planning few mass movements in shifting families to land where they can make a living. Thirty thousand families (about 150,000 souls) will be moved to better farms from the 5 million acres of sub-marginal land already bought by the government. Much more will be purchased. Disclosure that 1 million farm families were living on public funds stimulated the government to greater activity. Most of the removals have been and will be on an individual basis. Over 200,000 families have been rehabilitated on individual tracts at an average cost of \$500. A third of this money has already been repaid.

New Deal sociologists say the future will more than justify present expenditures. The farms are the breeding grounds from which the cities must draw their future citizens. Laggard city storks are 40% below the figure necessary to sustain present populations. Rural storks are still on the job. Present farm population is 32,779,000, largest in history.

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(FROM EDISON RECORDS OF THE WORLD'S BUSINESS)

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THE COMPLETELY ENCLOSED DICTATING MACHINE

Tug-of-Work-Relief

President has a tough job in reconciling the conflict in advisory committee on how \$4 billions should be spent.

ONE month after a tardy Congress delivered the Work Relief Act to the White House, 60-odd government departments and agencies are still running in circles. Out of a tangle of plans in which relief is at odds with productive public works as the objective, President Roosevelt is trying to develop a well-balanced program.

The wide divergence of views revealed at the first meeting of the Advisory Committee on Allotments (ACA was first labelled the Works Allotment Division) on Tuesday is not surprising. Administrator Ickes clings to "value received" as the criterion in the selection of projects. Harry Hopkins is equally emphatic for work of a type that will provide quick employment for the largest number.

They All Have Ideas

Realizing that it will be a long time before they see such big money again, a majority of the ACA holds with Ickes. Practically all of them are long-established agencies with definite ideas regarding advantageous use of this money in their particular fields.

The President appreciates the view-

point of both his administrators, seeks to reconcile the conflict in ACA by insisting that much heavy construction work can be completed within a year by stepping up time schedules. To reach his goal of 3.5 million men on jobs within that length of time, he will be forced to approve work projects more nearly resembling the old CWA type unless better performance can be had on public works than PWA has shown.

Apart from the time required to select and determine allotments for projects so located as to provide employment where it is most needed, the necessity for careful drafting of executive orders translating into specific terms the broad powers vested in the President by Congress is another reason for the delay in actually getting work started. The President preferred to write his own law and is now doing so.

Rural resettlement and rural electrification, both very closely related in rehousing of destitute farmers, control of soil erosion, and other conservation measures, were given a big send-off under the direction of Rexford G. Tugwell and Morris Llewellyn Cooke, re-

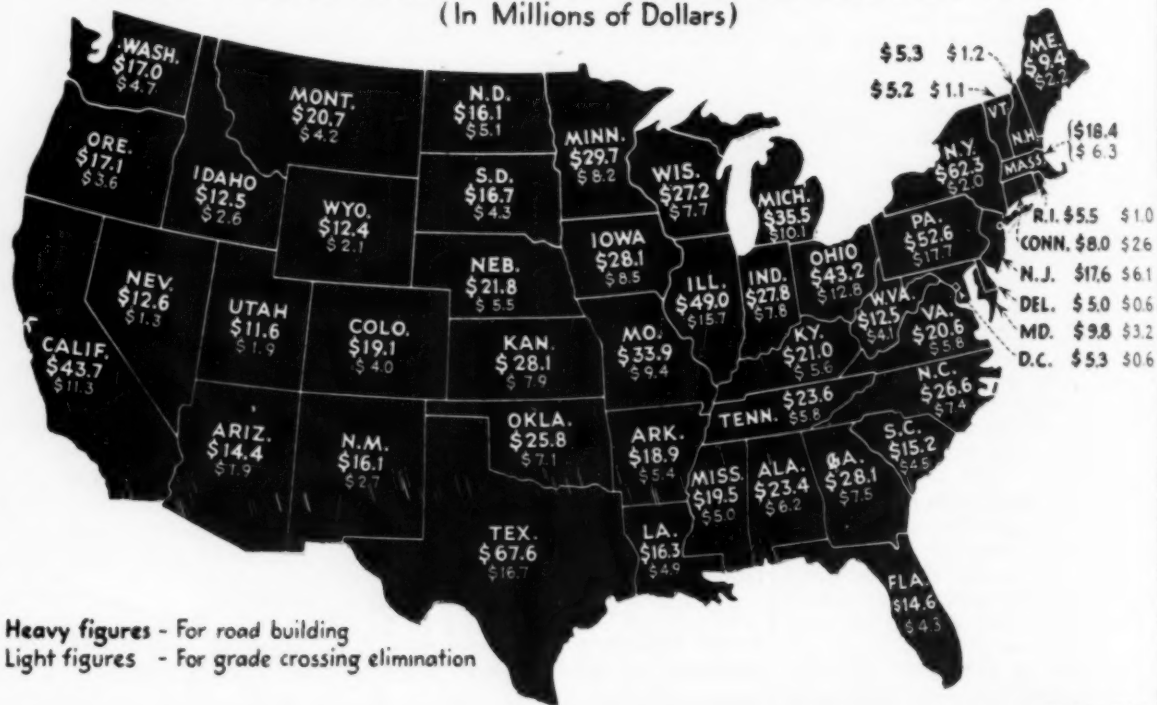
spectively. The Bureau of Public Roads, the Forest Service, National Park Service, Corps of Engineers, Geological Survey, Bureau of Reclamation, and other agencies are ready to release their work schedules as soon as allotments are made and labor supplied.

On non-federal projects, which the states and cities will continue to carry out under the supervision of PWA, the situation is still confused. The requirement for completion within one year is a hard-and-fast rule so far as initiating a project is concerned, but Administrator Ickes has persuaded the President to make allotments for one year's work without obligating the work relief appropriation for the balance needed.

Ickes for Grants

Mr. Ickes has still to convince the President that a policy of liberal grants, above the present limit of 30% if need be, would actually return a larger amount of money to the Treasury, by bringing forward more projects, than the President's efforts to finance non-federal projects by 100% loans. On the other hand, a long-term low-interest loan probably would not cost the borrowing municipality any more, according to the President, than a grant of 30% combined with a loan for the remainder at 4%, the rate now charged by PWA. Ickes does not agree with his chief's announced policy that the amount of the grant, if any, should be

WHERE ROAD AND GRADE CROSSING MONEY GOES (In Millions of Dollars)



Heavy figures - For road building
Light figures - For grade crossing elimination

Business Week

\$695 Millions Ready to Start

Project	Ready in 15 days to 3 months		Ready in 3 months to 1 year	
	No.	Cost (Millions)	No.	Cost (Millions)
Railroad Grade Crossing Elimination	1,756	\$184.3	2,302	\$277.5
Highway Intersection Elimination	161	20.2	182	27.3
Roads: Federal-Aid, State, and Secondary	4,645	332.1	6,087	447.5
Trunk-line Routes and Bypasses	621	72.5	1,118	131.2
Bridges	2,285	86.4	3,041	129.1
TOTALS	9,468	\$695.5	12,730	\$1,012.6

determined by negotiation in each case. The PWA Administrator believes that the percentage of the cost of the project represented by a grant should be uniform. The President sees no need for granting as much to all cities as must be given to some whose finances are not in good shape.

The President is much impressed by

the state-wide plan of public works presented by Governor Phil LaFollette, of Wisconsin. He foresees an interesting possibility of its adoption on a basis by which federal and state governments would each contribute to its execution at a cost per unemployed person representing to both a saving over present methods of relief administration.

To Build and Eliminate

Huge sums of work relief money can speedily be used to construct highways and wipe out grade crossings.

A BIG, quick slice of work relief money will go into road and bridge building and elimination of railroad grade crossings. State highway departments have finished plans for \$695 millions of such construction (see accompanying table)—only \$105 millions short of the total allocation of \$800 millions by Congress.

Out of every dollar spent on roads, about 30¢ is paid for direct labor, 50¢ for indirect labor, 20¢ for transportation, overhead, and profit.

There has been some speculation why President Roosevelt has not made allotments to the states already, as the share of each state is determined by statutory formula. He said this week that the allotments will be coming along soon, and pointed out that they will be so large that in some sparsely populated states the highway program will require more labor than can be supplied from relief rolls.

Unforeseen Boomerang

He does not like this. The Administration won't be able, he said, to spend any money for other work in such states if all relief labor is absorbed in road-building. This is a boomerang that was not foreseen when state highway officials tied the President's hands in distribution of the road money by the Hayden Amendment, which provides that, in the allotment of funds, a certain specified weight must be given to the respective areas of the states and to their

existing mileage of post roads. However, state highway officials point out that road contractors are required to employ only qualified men from relief rolls, and that there will be others who can only be taken care of by different kinds of work.

Can Cut Their Shares

If the President insists on having his own way, he can reduce the \$800 millions allocated to roads by Congress, thus reducing each state's share, and releasing funds for other features of the work relief program. He has not intimated that he will take such drastic action, but in some quarters it is reckoned distinctly possible.

All told, there are 9,468 highway projects on which the states are ready to start work. Many are already under contract, awaiting only allotment of funds. Others must wait on the time required in advertising for bids, usually 15 days. All can be completed within a year.

In reserve is more than \$1 billion in 12,730 projects that can be brought up to the work stage in from 3 months to 1 year. Many of these projects also can be finished in a year's time or less.

Actually the road program will run through 2 years, as the money available is nearly double the \$800-million work relief allocation. Approximately \$100 millions remain of an appropriation by Congress last year; and \$250 millions of regular federal-aid money becomes \$500



Merchants National Bank, Indianapolis

INDIANA BANK ACHIEVES \$3,000 HEATING ECONOMY

**Webster Moderator Control Lowers
Steam Bill 30 P.C. in 17-Story
Indianapolis Building**

ONE-PIPE SYSTEM IS RETAINED

Indianapolis, Ind.—Heating costs for the 17-story office building of the Merchants National Bank were reduced 30 per cent during the 1933-34 heating season, according to figures made public here by the building management.

"This reduction," officials explained, "was achieved after we modernized our heating system in accordance with recommendations made by Warren Webster & Company."

The annual steam cost before modernization was \$11,025—based on a flat rate contract. During the 1933-34 season, with the heating load increased to 5,446 degree days (as compared to the past average of 5,092), the modernized system cut the steam bill to \$7,757.05, a 30 per cent reduction.

By selecting Webster Moderator Control, with modifications permitting its application to the one-pipe system, the building management and Vonnegut, Bohn & Mueller, prominent Indianapolis architects and engineers, were able to avoid the large expenditure necessary to convert the one-pipe air line system to a two-pipe installation. The installation was made by W. H. Johnson & Son, heating contractors.

Savings have been effected without any attempt to starve the system, a range of 72 to 75 degrees being provided. At the present rate of savings, the entire investment should be recovered in less than four years.

If you are interested in (1) improved heating service and (2) lower heating cost in your building, address

WARREN WEBSTER & CO., Camden, N. J.
Pioneers of the Vacuum System of Steam Heating
Branches in 60 principal U. S. Cities—Established 1898

Chances are it's Your Fault



..... if customers don't pay on time

When your invoices are late into the mails, they are paid late. "Ten days from date of invoice" doesn't fool anyone when the invoice is dated the first but postmarked the 7th.

Get your billing out on time every month, with the Egray Speed-Feed! Step up the output of typed forms 50% or more and save time and money doing it!

In one minute the Egray Speed-Feed converts any standard make typewriter into a practical billing machine using Egray continuous forms. Eliminates the wasteful, costly, time-consuming, needless handling of loose forms and carbons, and the use of expensive pre-inserted (one-time) carbons! Cost of the Speed-Feed? Less than 2c per day for only one year. Let us prove Speed-Feed economy and efficiency in your own office without expense or obligation to you!



Requires no change in typewriter construction or operation.

EGRY

SPEED-FEED

THE EGRAY REGISTER CO., Dayton, Ohio
Please send complete information on the Egray Speed-Feed System designed for my business.

Name..... BW-3
Address.....
City..... State.....

Limited territory available for high type sales agents. Details on request

millions when matched by the states. Add \$100 millions to \$500 millions; total, \$600 millions. Add this to the \$800 millions allocation; grand total, \$1.4 billions. The map (page 16) shows the wide distribution of this \$1.4 billion total among the states; and, moreover, state plans call for expenditure of an additional \$230 millions.

The highway program includes all types of construction. At least 25% of the funds available will be spent on secondary roads, except in a few states where this network is practically complete. This type of construction moves fast and is soon done.

Plan Trunk-Line Routes

Many states have developed extensive plans for trunk-line routes through or bypassing cities. Such heavy construction takes time, but Wisconsin and Pennsylvania are ready to start \$10 millions' worth of work, New York and Maryland \$6 millions, Illinois \$5.6 millions, South Carolina \$5 millions, New Jersey \$4 millions, Ohio \$3.7 millions, Minnesota \$3 millions, California \$2 millions, and Connecticut, Oregon, and Texas \$1.5 millions each. Alabama, Arkansas, North Carolina, and Washington will each spend \$1 million or more.

Replacement of weak and narrow bridges is an important feature of the road program in many states. Plans for more than 2,200 jobs costing \$86 millions are ready for execution. Pennsylvania heads the list with 303 to cost \$6.5 millions; Ohio is next with 175 bridges to cost \$6 millions.

To eliminate railroad grade crossings, for which \$300 millions is allocated by the work relief act, plans are ready on 1,756 projects to cost approximately \$184 millions; in preparation on 2,302, to cost \$277 millions. Early projects include 150, costing \$25 millions, in both Ohio and California, \$16 millions for 129 in New York, \$11 millions for 43 in New Jersey, \$9.2 millions for 87 in Wisconsin, \$8 millions for 73 in Pennsylvania, and a like amount for 75 in Illinois. Plans ready for execution in 26 more states exceed \$1 million each.

U. S. Bears the Cost

In railroad grade separation and elimination, the states and cities have only to provide any land that may be necessary. Railroads have furnished the assistance of their drafting forces on many projects, but the entire cost of construction and materials will be borne by the federal government.

More than a score of states are pushing plans for eliminating congested and dangerous highway intersections. New York and Iowa are ready with plans on projects totaling \$4 millions; New Jersey \$2.4 millions. California, Connecticut and Massachusetts have prepared plans running in excess of \$1 million, other states for smaller amounts.

More TVA

Mr. Cooke makes it clear that his rural electrification program is right on the line toward national control of power.

IN 11 double-spaced typewritten pages that can be read in 12 minutes, and have been—by the President and by most of his Cabinet—Morris L. Cooke has expounded his ideas of what a program of rural electrification can and should contribute to a public works schedule. Appointed this week to head that division of the work-relief program, he'll have the opportunity to make a practical demonstration.

Without closing the door to cooperation with private utilities, this document indicates that public power sources, such as the government plants in the Tennessee Valley, at Boulder Dam, Grand Coulee, Bonneville, Fort Peck, and elsewhere, would be used extensively. Thus, inferentially, at least, rural electrification on a \$100-million scale would become a major step in an eventual national control of the generation, transmission, and distribution of electricity.

10 Customers a Mile

Sufficiently accurate for general public consumption, the figures of 100,000 miles of rural transmission lines to serve a million farms imply an average of 10 customers to the mile—high even for dirt farms. Actually, as Mr. Cooke would not deny, a strictly rural line won't average much more than 2½ customers per mile; it must add towns and villages to its service to achieve an even halfway satisfactory operating ratio. The hope of making the \$100 millions of projects pay for themselves in 20 years is equally optimistic.

A neat problem still to be solved is presented in the search for a method by which the Rural Electrification Division can keep its work from being restricted to that handful of states which have set up Rural Electrification Authorities and are ready for the federal program.

That the number of electrified farms will practically double under the present program is entirely credible. Equally imminent is the possibility of a marked change in who will pay the bill for rural transmission line construction. With the government actively in the field, the utilities will have to follow suit in transferring to themselves the cost of construction of such main feeder lines—or see the power load, such as it is, go to public operators.

In spending the \$100 millions, line construction through new territory will probably be considerably cheapened from private utility standards, with present costs of \$1,000 to \$3,000 a mile sharply clipped in an effort to extend the service as widely as possible through the farming areas.

New Products

New things, new ideas, new designs, new packages, new manufacturing and marketing methods.

THE Owens-Illinois Glass Co. advertises a new glass insulator with a threaded brass bushing that is locked into position while the glass is plastic, and assures uniformly smooth and perfect threads where the insulator is screwed to the cross-arm pin. By this the company expects to eliminate breakage caused by pin expansion.

AN all-steel display rack for rugs which facilitates the quick and effective display of room-size rugs, is leased to dealers who handle Hightstown Fray-proof rugs by the Hightstown Rug Co. at the nominal fee of \$3 a year for the first 3 years, \$1 a year thereafter.



A NEW attachment for disinfecting the mouthpiece of telephone transmitters, made by the Phone Appliance Corp. of molded material (Bakelite) carries the disinfectant agent in a cloth pad that is concealed in a hinged cover which closes over the mouthpiece when it is not in use. The complete unit may be used on any type phone.

THE Worthington Pump & Machinery Corp. offers for garages, service stations, and repair shops, its type VS air compressor unit mounted on a vertical tank to save floor space, equipped with an automatic on-and-off control, floating wristpin on compressor piston, easily replaced honed cylinder, and copper-finned aftercooler.

THE Firestat, offered by the Automatic Fire Alarm System, Inc., is a self-contained thermally-controlled fire detector for homes, hotels, apartment houses, which may be installed in old or new buildings. It sounds an alarm whenever the temperature reaches a predetermined level and is ready for repeat use without replacement of fuses.

A NEW walking dragline excavator placed on the market by the Bucyrus Erie Co. is designed for combined efficiency and easy shipping. To simplify take-apart and assembly operations it has a diesel motor and all principal operating machinery mounted on the center unit, with the swing mechanism and fuel tank suspended below-deck to act as counterweight.

*"All I do is run up
and downstairs"*



*"Remember, John
the doctor said
you must take it
easy for awhile"*



*"I hate to disturb him
to get him upstairs"*



*"I'd like to go down,
but the steps are
too much for me"*



**A NEW CONVENIENCE HAS COME TO REMOVE THE BURDEN
OF THE STAIRS. A HOME ELEVATOR THAT IS AS PRACTI-
CAL AND REASONABLE IN PRICE AS A FINE FAMILY CAR**

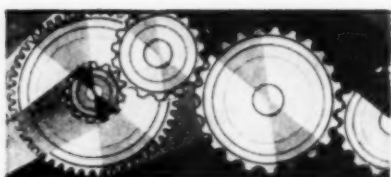
IT IS the Otis Personal-Service Elevator. A small family edition of the fine Otis elevator that you use in down-town buildings. It takes up no more space than a hallway closet and from the outside looks very much like one.

An important and interesting feature about it is that it "stands on its own legs." This means that the building does not support it and that it can be quite easily installed in any existing dwelling. It is a simple and

sturdy little elevator—one that is as practical for the modest dwelling as for the more elaborate home. It has a remarkable little motor. And everything about it is built right. An Otis product through and through.

We have a piece of literature that describes this Personal-Service Elevator in detail. We'll be glad to send this to you. Address your request to either our home office at 260 Eleventh Avenue, New York City, or to any local Otis office.

Otis Elevator Company—



Where 200,000 BUYERS meet.... and find new profits

FROM the factories and workshops of 22 nations, some 8,000 firms send their latest wares to Leipzig twice each year. There they are inspected by the shrewdest buyers from 72 countries.

The thousands of exhibits in the *General Merchandise Fairs* cover every possible item for department stores and specialized stores. This fall, in the *Building, Home and Industrial Equipment Fair*, there will be 1,000 exhibits of interest to manufacturers, engineers and architects. 37 gigantic Fair Palaces and 17 Exhibition Halls are required to house all these exhibits. Yet the lines are so conveniently grouped and displayed that the average buyer covers his interests in less than a week's time.

These are the reasons why the international Leipzig Trade Fairs have been called "the show window of the world" and "the foremost barometer of international trade."

For 100 years, American buyers — in steadily increasing numbers — have been finding new profits at the Leipzig Trade Fairs. (The Fairs are more than 700 years old.) The Spring Fair of 1935, held in March, saw an increase of 82% in the number of American buyers — over the corresponding Fair of 1934.

And already, these same firms are planning their buying trips to the Fall Fair, which will open on August 25th. Will your firm be represented?

We cordially invite you to let us help you determine the value to your firm of covering the Leipzig Trade Fairs. Special courtesies and travel discounts are available to Fair visitors. Write for Booklet No. 21, giving a more detailed picture of the Fairs. Please tell us the lines in which you are interested. Our New York Office — or an Honorary Representative in your vicinity — will be glad to co-operate in every possible way. Leipzig Trade Fair, Inc., 10 East 40th Street, New York City.



LEIPZIG TRADE FAIRS

The Cut-Rate Katz

Kansas City druggists who glorify price-slashing prove that the show can go on without benefit of loss-leaders.

MODESTLY billing themselves as "The World's Leading Cut Rate Druggists," Ike and Mike Katz of Kansas City, showmen extraordinary, are flaunting a new, fast-moving revue for local competition which includes practically the entire retail field. Polishing up their old routines which always depended on heavy advertising of loss leaders (soap alone cost them \$65,000 annually), the Brothers Katz, prompted by the retailers' code, appear in fresh costumes with a new bag of tricks.

Bound and handcuffed with unwelcome code restrictions the Katz, Houdini-like, emerged from 1934—their first loss-leaderless year—displaying a record net income of \$525,826 from sales of approximately \$10 millions (another record) produced by only 8 stores. Add more bluebirds: Dividends were increased 50% and an expansion program launched. Examining the annual report of the Katz Drug Co., competitors are beginning to wonder just who was helped the most by a code designed to slow up the Katz show.

The new Katz technique of merchandising such "drugs" as electric refrigerators, radio sets, delicatessen, bicycles, gas and oil, haberdashery, and queensware calls for spectacular innovations augmented by 2-, 4-, and 8-page ads, often in color, crammed with enough items to make a sizeable catalogue. Probably the greatest commercial event ever held in Kansas City was the Katz No-Money Auction, a climax to a Million Dollar Sale (which grossed more). During November customers received with every 25¢ purchase, or multiple, a "10-buck" certificate redeemable only in merchandise at the forthcoming auction. Should a customer's purchase total 35¢ he would be reminded by a clerk that 15¢ more spent now would get another "10 bucks" for the auction.

Cigars—50 Bucks Each

Despite the "No Cash Value" warning on the certificates, 2 or 3 would do for a tip in any restaurant, a dozen might fix a traffic cop. To handle the 35,000 buck-rich bidders who streamed through Convention Hall on auction night, 40 auctioneers and as many policemen were employed. More than \$15,000 in premiums, which ranged from pencils to ponies, were knocked down to buyers, most of whom brought handbags full of certificates. Cigars went for 50 bucks each, beer brought 2,000 a case, hoarders bid mantel radio sets up to 75,000. The auction was so successful that it is to be held annually.

During one of their featured sales,

the company sold coupon books containing 82 options on specific merchandise items at less than advertised prices. At a dime each these set an all-time record for best sellers in the city—as high as 10,000 copies a day. The few who used the entire lot of coupons were loaded up with \$75 (list) worth of cosmetics, dog food, wine, and sundries for \$48. Some deals: three splits of Spanish champagne at 47¢ each, 20¢ Hershey bars (line was 4) at half price. As Katz sold them, the coupon books were a sound but psychic bid for business; distributed as give-aways they probably would be no more effective than handbills.

Historic Battle

Rival druggists long ago gave up the idea of meeting Katz on cigarette and razor blade prices. Cuts often exceeded distributors' discounts. However, a group of electrical equipment retailers, including the largest department stores, and the Missouri Power & Light merchandise department, with special anti-Katz discounts from Chicago Flexible Shaft Co. on Mixmasters, discovered after a month's war that the Katz boys played a right good game of poker. Daily the price of the \$21 unit was whacked by one faction or another. At the \$13.98 level (about wholesale cost) housewives and gadget-minded husbands temporarily exhausted the supply. Katz kept on taking orders, cutting prices. At \$11.98 retailers in the surrounding territory stocked up. Katz went to \$9.98.

Celebrating a 20th anniversary last December, the Katz opened their first super-store, a mammoth affair located 2 miles from downtown. Drug folk see in it a challenge to Crown Drug Stores, another K.C. institution, fourth largest nationally since its acquisition of the Nauheim chain. Until recently the Katz have stayed away from the suburbs, the Crown noticeably absent from downtown locations. But Kansas City people who shop by automobiles must park them, and the Katz boys know it.

Since the new store has (1) 23,000 square feet of floor space, (2) a parking lot for 300 cars, (3) Century of Progress architecture and flood lighting, and (4) more departments than any store of its kind, the owners, who have a decided flair for superlatives, claim it is the world's largest drug store. It has ranked as number one in sales since the opening day. Following an announced policy of expansion, a tenth store was recently opened in Sioux City, Iowa, while additional space has been leased to enlarge several other units.

How the Casualty Companies Have Fared

Line	Premiums Earned 1934 (millions)	Up (+) or down (-) from 1933 %	Losses (Plus Claim Expenses) (millions)	Expenses (millions)	Underwriting Loss (-) or Gain (+)	
					1934 %	1933 %
Auto Liability	\$140.2	- 4.1	\$100.1	\$49.0	- 6.4	- 1.8
Workmen's Comp.	96.5	+16.5	69.5	31.8	- 5.0	-20.8
Other Liability	53.4	+13.7	32.9	23.7	- 6.0	- 5.5
Auto Prop. Damage	41.3	- 4.3	18.2	15.8	+17.7	+21.0
Fidelity	38.8	+ 6.1	15.5	16.5	+17.7	+15.8
Surety	32.1	+12.8	26.9	16.2	-34.2	-45.9
Accident	28.0	- 1.1	14.4	13.4	+ .9	+ .6
Burglary	23.7	+ 1.4	8.4	10.9	+18.2	+16.1
Health	13.4	+ 6.2	9.6	4.4	- 5.1	-10.3
Plate Glass	9.2	+ 1.8	4.1	4.8	+ 3.9	+ .1
Boiler	6.5	+ 1.5	.9	5.6	- 1.2	+ 5.5
Auto Collision	4.0	-13.6	2.3	1.6	+ 1.9	+12.9
Machinery	2.8	- 6.1	.7	2.1	+ 1.4	+28.9
Other P.D. & Coll.	1.9	+11.6	.5	.7	+34.4	+30.8
Credit	.9	- 7.3	.1	.4	+39.8	+21.6
Sprinkler	.6	-10.1	.3	.3	+ 8.0	+25.8
Miscellaneous	.4		.3	.1	-10.9	-20.4
TOTAL	\$493.6	+ 3.9	\$304.7	\$197.4	- 1.7	- 3.2

Casualty Comeback

Reducing their losses on workmen's compensation, the casualty and surety insurance companies are steadily pulling out of the red.

CASUALTY and surety insurance lines have started a comeback by way of more business and smaller losses. They are making headway toward getting workmen's compensation on a paying basis, and this almost overcomes the pessimism engendered by increased losses for personal injuries in automobile accidents (BW—Apr 27 '35).

Premium incomes started to climb last year. Stock companies covered in the annual analysis of the National Bureau of Casualty and Surety Underwriters reported earned premiums of \$494 millions, up almost 4% from the \$475 millions of 1933, which marked a slump from \$643 millions in the peak year 1930.

Premiums failed to cover the total losses and expenses of the business, but for the third consecutive year this loss has been cut. It was more than \$56 millions in 1931, the worst year for casualty and surety lines. In 1932 it dropped to \$31 millions; in 1933 to \$15 millions; and last year to \$8.5 millions.

Premiums on workmen's compensation were higher last year than any period since 1931, reflecting greater employment and higher payrolls. Largely in consequence, losses were cut to \$4.8 millions on this type of coverage, after ranging from \$17 millions to \$23 millions in the previous 3 years.

This group of companies, including all the major stock units and writers of the greater part of all liability coverage, experienced a drop of \$6 millions last year in premiums on automobile liability, and saw their loss in this line pile

up to \$9 millions. This was only partly offset by underwriting profits on the smaller automobile property damage and collision coverage.

Their underwriting margin on automobile property damage was \$7.3 millions. Other big profit items were fidelity (\$6.8 millions) and burglary (\$4.3 millions). Fidelity bonds were one of the chief worries of the business early in the depression—in fact the fidelity troubles started during the boom days of 1929. Keeping up with the Joneses seems to have been hard on the moral fiber of trusted employees until everyone got poor in 1933.

Surety coverage is still a burden to the companies. They paid out 70% of the \$32 millions 1934 surety bond premiums on losses, but back in 1932 the loss ratio was 90% of premiums. When expenses were added to losses last year, the surety departments had cost the companies \$11 millions.

Financing Fight

Sales finance companies hit back at bank drive for car loans.

AUTOMOBILE finance companies, facing a threatened loss of business to banks which are making a drive for direct loans to car buyers (BW—Apr 6 '35), are being urged by National Association of Sales Finance Companies to fight fire with fire.

N.A.S.F.C. asserts: "It seems to us that in any city where a bank plan of this sort is being advertised, the finance

The inevitable event

At intervals in any plant or office some employee comes to the end of life.

GROUP INSURANCE

is an organized method of anticipating the occurrence with dollars ready for such day of need.

Complete data awaits interested Employers



THE PRUDENTIAL
INSURANCE COMPANY
OF AMERICA

EDWARD D. DUFFIELD, President
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CITY

Birmingham, England's Second City, is the world's most comprehensive manufacturing centre, and the obvious location for any industry related to its 1,200 trades. Birmingham possesses unequalled transport facilities, 400,000 workpeople, modern factories to rent or for sale, and recently 500,000 square feet have been built to manufacturers' requirements for rental. Birmingham is a busy, modern city, planned for industry, thrbbing with energy; a virile, prosperous community whose motto is "Forward." Address inquiries to the:

**City of Birmingham
Information Bureau**

or the Travel and Industrial Development Association of Great Britain and Ireland, 1, Pall Mall East, London, S.W.1, and British Empire Building, Rockefeller Center, New York and 28, Avenue des Champs Elysées, Paris.

CITY OF BIRMINGHAM
INFORMATION BUREAU
THE COUNCIL HOUSE
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World Cruises

To circle the globe is the adventure of a lifetime. It is the realization of all your dreams of travel. It is an experience to relive and enjoy every day of your life.

HOW LONG DOES IT TAKE?

You can circle the globe in as little as 85 days by President Liner, and yet have ample time to see every port. This makes an ideal summer trip.

WHAT DO YOU SEE?

Going by President Liner you see 21 fascinating ports in 14 countries, including Hawaii, Japan, China, the Philippines, Malaya, Ceylon, India, Egypt, Italy, France. You may stopover anywhere, knowing that others of these ships will arrive at convenient intervals to carry you on to new ports and new adventures. Take up to two full years.

HOW FREQUENT ARE SAILINGS?

Every week a President Liner sails from New York and California; every other week from Seattle. These ships travel 26,000 miles on clock-like schedule.

WHAT DOES IT COST?

Fares are as low as \$854 First Class. All outside staterooms. Outdoor swimming pool. For details see your travel agent. Ask about other President Liner trips—New York to California; and roundtrips to the Orient. Or see any of our offices: 604 Fifth Ave., New York; 110 S. Dearborn St., Chicago; Statler Bldg., Boston; 311 California St., San Francisco; 513 W. Sixth St., Los Angeles; Washington, D.C.; Toronto, Cleveland, Seattle, Tacoma, Portland, San Diego, Vancouver and Victoria, B.C.

DOLLAR STEAMSHIP LINES
AND AMERICAN MAIL LINE

companies should meet it by supplying their dealers with printed matter showing by several sample cases exactly what the bank plan will cost the customer, including insurance at manual rates, and, for comparison, what the finance company plan will cost."

Analyzing a sample case of the Commonwealth-Commercial State Bank of Detroit (*BW*—Apr 6 '35), N.A.S.F.C. states that interest of 6% and service fee of 2% is computed on face amount of note, comes to 8.7% on money advanced and is equivalent to an interest rate of 16.03% per annum "on the outstanding balances on a 12 months' deal." Going further, it adds that the 2% interest allowed on money paid in monthly "sounds like something substantial, but really is not," because the cumulative amount paid is small at the beginning of the period, increasing toward the end, making the actual refund on this basis "less than 1/10th of 1%," so that the actual net cost to the customer is "slightly greater than 16% per annum true interest on outstanding balances."

They Don't "Produce"

But service workers are nearly half the unemployed, and work relief won't help them directly.

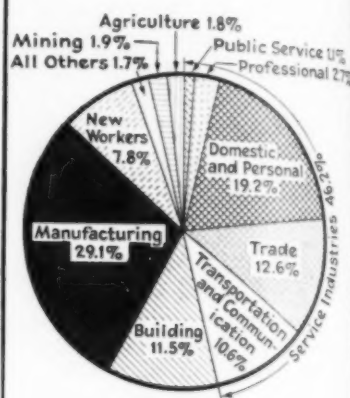
WHILE the largest batch of unemployed workers on the country's relief rolls hails from the manufacturing industries, the second in line comprises domestic and personal workers, who are largely women. This little known but important fact becomes apparent through the Federal Emergency Relief Administration survey of gainful workers ranging from 16 to 65 years on relief in 79 cities scattered throughout the nation.

Business Week has tabulated the results, based on the first figures released in the survey. These figures apply to 60 cities, where employable persons in May, 1934, numbered 710,961. The percentage distribution is believed to be practically unchanged today.

In view of the Administration's announced intention to take 3.5 million employables off the relief rolls through the expenditure of \$4.8 billions for work relief, the composition of relief roll workers takes on added significance. Though these records refer specifically to those whose resources have been entirely consumed and who thus represent a smaller group than the total unemployed, there is substantial agreement between the figures and the distribution of the total unemployed compiled by Colonel Leonard P. Ayres for the same month—May, 1934.

Out of 10 million unemployed then, Colonel Ayres placed 4.5 millions or

WORKERS ON RELIEF COME FROM THESE INDUSTRIES



44.9% in the service industries, 1.6 millions or 16.4% in the building industry, and the remainder, 38.7%, in the production of goods. The relief roll figures comparable to these are 46.2% in the service industries, 11.5% in building, and the rest, 42.3%, in the production fields.

The accompanying chart brings out the industrial distribution at a glance. Bear in mind that fully 31% of the workers analyzed in these 60 cities were women drawn largely from the ranks of household workers, whose reemployment hinges on the improved position of other workers in all industries rather than on public works programs directly.

Manufacturing in the Lead

Manufacturing industries account for 29.1% of the workers on relief for the country as a whole, but some cities far exceed this quota. Domestic and personal workers account for 19.2%. Though the construction industry has been hit hard, this group ranks only fourth in importance on the relief rolls. Only a handful of cities exceeds the national average of 11.5%. More important than construction is the wholesale and retail trade group, which contributed 12.6% to the relief rolls. These workers are classified as part of the service industries.

Other groups accounted for smaller percentages, but they helped to swell the total of service workers to 46.2% of all industries represented. The small but growing group of new workers, accounting for 7.8% of those on relief, focuses attention on another aspect of unemployment. These two groups, which together form 54% of the total, will find employment only through the stimulation of the productive industries.

Mail Order Melons

The "Big 2" mail dividend checks. Ward's decisively settles the argument over Avery management.

LAST week Sears, Roebuck & Co. stockholders saw their first dividend check since 1932, a 75¢ per share "special." Directors explained that "the present situation of the company and future prospects warrant a conservative disbursement"; they do not think the time is here to establish the stock on a regular dividend basis.

Stockholders pocketed the check with a smile, remembered that Sears' net profit for the fiscal year ending Jan. 31, 1935, topped that of the previous year by \$4 millions, noted that Sears sales for the first 4 months of 1935 ran 21.6% ahead of those for the same period of 1934.

While the Sears dividend checks were going into the mails, directors of Montgomery Ward & Co. were also preparing to cut a melon. They declared a dividend of \$5.25 per share on the 7% Class A stock, which cleans up the remaining \$3.50 of accumulated arrears and covers the full \$1.75 due for the current quarter.

Avery Comes Up Smiling

Incidentally this action is expected to scuttle the last of the opposition to the Sewell Avery régime at Ward's.

Things did not look so well when Mr. Avery took the helm. There had been a deficit of \$8.7 millions at the end of 1931, and 1932 took \$5.6 millions more out of the surplus. But Avery management, aided by some benefits from recovery activities and increasing prices, had already turned the tide in 1933 and chalked up a \$2.2-million profit when some stockholders, still unconvinced that he knew the mail order business, tried to pull him off the bridge. The stockholders' meeting early in 1934 was the high point of their campaign (BW—May 5 '34).

Since then published records have demonstrated that sound management produces good results whether applied to gypsum or galoshes. Mr. Avery, having built U. S. Gypsum into a commanding position, simply applied the same rules to pull Ward's out of the mire.

Ward sales for the fiscal year ending Jan. 31, 1935, were 32.4% ahead of the previous year. Net income was boosted to over 4 times the 1933 figure, from \$2.2 millions to \$9.1 millions. Sales for the first 4 months of 1935 are well ahead of 1934, with April breaking all previous records. Insiders say that, before long, dividends on the common stock will be resumed.

The number of stockholders has grown steadily since Mr. Avery took command and today tops all previous records.

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Chase National Bank, New York	New York Central R. R. Executive Offices, New York
Chesapeake & Potomac Telephone Co., Richmond, Va., Washington, D. C.	New York Stock Exchange
Dayton Museum of Art, Dayton, O.	New York Telephone Co., New York
Detroit Athletic Club, Detroit, Mich.	Ossining Hospital Nurses' Home, Ossining, N. Y.
Greenwich Country Club, Greenwich, Conn.	United States Military Academy, West Point, N. Y.

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Rug Prices Rise

Competitive strategy is closely watched as rug and carpet prices are advanced.

HIGHER raw material and production costs are held responsible for the 5% increase in prices announced by most of the important manufacturers of rugs and carpets.

Beattie Manufacturing Co. led the move. Then on May 1 Alexander Smith & Sons Carpet Co. followed. Now Mohawk Carpet Mills and the Firth Carpet Co. have announced increases averaging 5% effective June 1.

There is speculation in the trade as to why Bigelow-Sanford Carpet Co., one of the largest factors in the field, is hanging back.

Some insiders point out that since Bigelow-Sanford changed its policy and decided to deal direct with retailers it may gain an advantage by waiting. With price increases impending, many retailers will want to place heavier stock orders and Bigelow-Sanford, by pushing that proposition through its own salesmen, has a chance to get a bigger share than if it had to depend on the wholesaler to stock up the dealers.

In the trade Bigelow-Sanford's switch away from the wholesaler to more direct-to-retailer selling is reported as having been highly successful.

Win NRA Victory

Meanwhile, carpet and rug manufacturers are celebrating a code victory won in the controversy over volume allowances (BW—Feb 23; Apr 6 '35).

Chain and syndicate buyers have been contending that, under the code for the carpet and rug industry, manufacturers have been guilty of price-fixing and restraint of trade. They were not satisfied with previous interpretations of the disputed clauses and voiced their complaints at a hearing held Apr. 17.

Last week the NIBB issued Memo 202-19 in which it reaffirmed a previous opinion that, under the code, manufacturers could choose their own policy and allow group buyers volume rebates on total purchases or base prices on the quantities actually shipped to each individual store of a chain or group. That leaves matters just as they stood before.

A few manufacturers have declared their willingness to meet the chains' demand for over-all volume allowances. Others, and among them some very important concerns, maintain that no over-all rebates are justified when total purchases are ordered for shipment to many individual stores, because that makes just so many small-sized orders, runs up the cost of packing, shipping, billing, etc. They have filed their price schedules on that basis. Independent dealers naturally want prices based on the purchases of individual stores, since without

the benefit of over-all rebates, chains and syndicate buyers are not so ready to throw their profit away by underselling the independent.

Going the Limit

Western trunk line railroads will begin free pickup and delivery.

WESTERN trunk line railroads have decided to scrap the station-to-station rate structure and to provide unrestricted free pickup and store-door delivery service on l.c.l. freight within their territory. Belated approval of the plan by the Western traffic executives' committee comes as a victory for the Chicago & North Western Railway and the Chicago Great Western (BW—Mar 23 '35).

Threatening to carry its application to the highest possible authorities, the North Western not only obtained permission to go ahead with the plan, but actually sold all other roads on the plan. Effective date is to be decided later.

This new service will be performed by the carriers through their own facilities or by drayage concerns under contract, or in lieu thereof an allowance will be made to consignors and consignees of 5¢ per 100 lb. on shipments delivered to the carriers at origin or called for at freight station and destination.

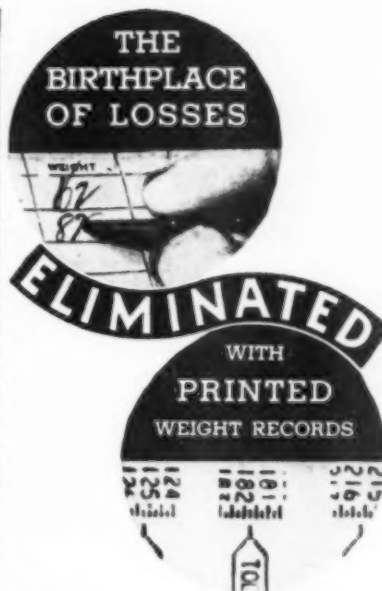
The Western trunk line territory is bounded roughly by Chicago, the Twin Cities, Salt Lake City, Denver, Oklahoma, and St. Louis. The pickup service will apply on shipments up to about 1,800 miles.

Limited Service Elsewhere

Southwestern roads have had free pickup and delivery on shipments up to 300 miles for more than 3 years, and some agitation is under way for raising this to 500 miles. In the East, the Pennsylvania and the Van Sweringen lines have similar service up to 260 miles; 3 Van Sweringen lines—Erie, C.&O., and Pere Marquette—have joined Western carriers in offering free pickup and delivery in Chicago.

At the same time 9 Western roads have agreed on a rate reduction program, and have notified the Western Trunk Lines rate committee to that effect. They are: North Western, Great Western, Illinois Central, Santa Fe, Omaha, Soo Line, the Great Bend & Western, Minneapolis & St. Louis, and Litchfield & Madison.

On shipments of 40 miles and less, 60% of the first-class rate is to be charged on Classes 1, 2, and 3; for over 50 miles, 70%; other grades will proceed upward from these. The minimum is to be 30¢ per 100 lb. Exceptions are shipments requiring protective service against heat and cold, explosives, live animals, automobiles, milk, and some freight in special classifications.



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Uncle Sam, Miner

Stranded groups in mining areas threaten to push government into mine operations, as silver-state bloc reaches for relief cake.

STRANDED mining populations of great political importance to the silver-state senators and representatives may get work relief by actual government operation of mines. No one in Washington but pork-minded members of Congress likes this prospect. But no alternative scheme of relief is offered in sufficiently attractive form.

Already important legislative progress has been made on the Pope-Scrugham bill, which would carry out this plan by giving the Bureau of Mines a block of the work relief money. The Senate (Pope) bill, reported favorably and now comfortably well up on the Senate calendar, allots \$100 millions to this purpose, but limits the mining to the production of monetary metals, gold and silver, and the deficiency minerals.

Report Specifies Minerals

This deficiency-mineral group is not clearly defined, except explicitly to forbid operation on "iron, lead, zinc, or any other metal of which there is deemed to be a domestic overproduction or overdevelopment." But the committee report recommending that the bill pass is more explicit, stating deficiency with respect to "the following metals and non-metallic minerals: antimony, chromite, manganese, mercury, nickel, tin, tungsten, asbestos, barite, china clay, graphite, gypsum, magnesite, natural nitrates, and potash." This list is made up from the preliminary report of the National Resources Board, presented last December. Strangely enough, the strategic list grows politically in the course of gossip about Navy needs, including for this purpose magnesium and aluminum—an unfriendly gesture obviously directed at what those who make such gestures call the "monopolistic" trend of Alcoa.

The House (Scrugham) bill, also favorably reported, is more modest, providing only \$75 millions for Bureau of Mines embarkment in this business.

Salvage Job Embarrassing

Though plainly somewhat embarrassing for the prospect, bureau officials are discreet in their comment on the idea that they should salvage what are obviously submarginal properties. But behind the scenes the bureau is known to be formulating ways and means for procedure, anticipating the contingency of instructions to go to work, either from the President or by enactment of some such bill.

Ideas range all the way from the one-burro prospector, who might be grubstaked at 50¢ a day, to the thought that the government will take millions of

dollars worth of production of the strategic materials having military significance, in order to hold these as a war reserve. The Navy is definitely on record for this type of preparedness.

These ideas, affecting a few hundred thousand workers at the most, would normally not be very seriously regarded in Washington. But with the backing of the silver-state bloc, most potent congressional unit, they take on prestige unusual even for a relief measure.

Forced Exports

Germany, unable to pay for adequate supplies of raw materials, will force exports with a subsidy.

THE world can expect Germany to push exports with a further subsidy.

Details of Dr. Schacht's newest plan are lacking; but not of the need for it. Exports dropped from more than 10½ billion marks in 1930 to 4.2 billions in 1933 and 4.1 billions in 1934. Imports declined just as steadily, but were still larger than exports last year.

Recovery in Germany, however, has made some rather striking progress in the last 2 years. The country's industrial production index dropped from 88.8 in 1930 to a low of 60.2 for 1932. In 1933 it pulled up to 67.8, and last year jumped to 85.4.

Little that Germany manufactures for export is made entirely from domestic materials. Heavy industry ordinarily depends on foreign supplies for 60% of its raw materials. The textile industry draws more than 90% of such materials from other countries. If Germany has no reserves with which to buy, and is unable to secure credit, obviously exports must cover the cost of essentials.

For Export Only

Newest ordinance in Germany forbids manufacturers to use copper, nickel, tin, lead, chromium, cobalt, and quicksilver for domestic production, but they may be used freely if the goods are for export.

Industry's executives have been in conference with Dr. Schacht for more than a month. Something is coming out of the meeting. Best guess is that 1 billion marks (about \$400 millions at current exchange rates) will be raised to subsidize exports. In other words, Germany is determined to sell enough goods at whatever price is necessary to capture the market to be able to buy what are considered absolutely essential raw materials. Barter deals have been pushed to the limit but they are reluctantly entered by countries which have no setup for central clearing and buying. They will not be abandoned; supplementary sales efforts, backed by subsidies, will simply intensify the competition for world markets.

Bulb Decision

GE wins court decision against Japanese electric light bulbs on grounds of patent infringement.

GENERAL ELECTRIC has won its contest in the Los Angeles Federal Court against distributors of electric light bulbs which, it claimed, infringed on GE patents. The Court ruled that GE had the right to recover damages.

It happens that Japanese manufacturers are guilty in the case. It was Nipponese bulbs which were being distributed by 3 West Coast importers and which called forth the GE protest. Bulbs from Uganda or Borneo would be subject to the same treatment, the Court contends, if they infringed on patents held by an American producer. The trade recalls, however, that only Japanese manufacturers have been able to send their product to this country in any quantity. Imports have run as high as 100 million bulbs a year. Everyone admits quality is inferior.

No one seems to know yet whether the Japanese are going to admit they are licked or not. They may appeal the case. Or the 3 offenders may simply abandon the business to some newcomers who are willing to go through the long process of another trial for the sake of some quick profits. But GE is convinced that this court decision proves they are effectively protected from an import flood of cheap copies of their product. It is a matter of patent infringement, not of discrimination against Japan.

Credit Records

Only 11% of Canada's \$1¼ billions of municipal debt is in default. Vancouver's threatened repudiation emphasizes plight of western provinces.

OTTAWA (Special Correspondence)—Recent threats of Mayor Gerry McGeer of Vancouver to repudiate the municipal debts of that city have caused considerable concern in Canada and among bondholders outside the country. Vancouver bonds have been dropped from London Stock Exchange listings, and this has roused interest in the financial condition of all Canadian municipalities.

Canada has 4,280 municipal governments and they have outstanding about \$1,297,600,000 in debenture obligations, of which 69% is held in Canada, 7% in Great Britain, 24% in the United States. Prior to 1932, municipal default in the Dominion was rare, but during the last 3 years \$141 millions of debenture obligations, or 11% of the total, have been defaulted by 170 municipalities. (Municipal defaults in the United

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Western Electric

GRAYBAR ELECTRIC—DISTRIBUTORS

LEADERS IN SOUND-TRANSMISSION APPARATUS

States in the summer of 1933 were estimated at 7% of total indebtedness.)

The Maritime provinces—Nova Scotia, New Brunswick and Prince Edward Island—have been free from defaults so far, and in Quebec the situation has been kept well in hand. Mainly, the defaults have been in Ontario and the western provinces. A table, released by Thomas H. Bradshaw of Toronto, authority on municipal finances and president of the North American Life Assurance Co., shows the situation:

	Municipal Debts (millions)		% in Default
	Total	Defaults	
Ontario	\$504.7	\$98.5	19.5
Manitoba	92.5	12.0	13.0
Saskatchewan	46.6	4.0	8.6
British Columbia	129.9	11.2	8.6
Quebec	392.2	15.0	3.8
Alberta	76.9	0.4	.6
Maritimes	54.8	None	
TOTAL	\$1,297.6	\$141.1	10.9

Mr. Bradshaw lists holdings of Canadian municipal debentures as follows:

	(Millions)
Trust companies.....	\$325
Life insurance companies.....	275
Municipal sinking funds.....	200
Benefit societies, fire and casualty companies.....	100
Banks	90
Religious and other endowment funds	60
Pension funds and compensation boards	50
Individuals, private executors, institutions, etc.	200
	\$1,300

Proposals have been made by some of the provinces and municipalities which are in financial difficulties that all Canadian public finance should be pooled under a federal guarantee. Such questions will be considered at a con-

ference of Dominion and provincial authorities probably right after the general election, now expected to come in the early fall. In any move for a federal

guarantee, Ottawa would insist on some control over expenditures and the provinces are bound to object to this as an invasion of their rights.

Canada to Finance Homes

Dominion's housing program will call for federal aid but leave initiative and business to local organizations.

OTTAWA (Special Correspondence)—Provision for a national housing scheme probably will be made by Parliament when it comes together again late this month. Government officials have studied the report of a committee of the Commons which inquired into the subject, are drafting tentative legislation.

The committee drew up guiding principles for a national housing scheme and called for establishment of a federal housing authority which should initiate and control projects and policies, and allocate such money as Parliament may provide. However, it offered no definite scheme and it appears that this will be based on suggestions by Dr. W. C. Clark, deputy minister of finance.

The Clark plan is concerned mainly with the financing of new construction so as to insure maximum security for the government and an attractive investment for trust and insurance companies—particularly to provide the "junior," or second-mortgage, capital which is not now available from private sources. Basis of the plan is a proposal to substitute marketable housing corporation securities for individual mortgages.

The national housing authority would encourage the formation of local housing corporations by provinces or mu-

nicipalities, assist in financing their operations. A \$1-million local housing corporation would be financed by the sale to trust and insurance companies of first mortgage debentures to the value of \$650,000, sale of \$200,000 of preferred stock to the national housing authority (to be paid from government money), sale of \$150,000 of common stock to municipalities, provinces, or individuals—a total capitalization of \$1 million secured by properties with an appraised value of \$1,100,000. The additional \$100,000 is the house owners' equity, for they would be required to put up at least the value of the land. This distribution of financing would be for houses provided on an occupant-owner basis. For rental houses, the distribution would be slightly altered.

Providing "Junior" Money

Purchase by the national housing authority of preferred stock in the local corporations would provide the "junior" money, not now available from private investors. The interest rate charged the individual who is being financed would be not more than 5% or 5½%, and the first mortgage debentures sold to trust or insurance companies would carry interest at ½% lower. The rate paid on preferred stock sold to the national housing authority—or the government—would be approximately that paid by the government on long-term loans—around 3½%.

Under this plan of financing, \$10 millions provided by the government would make possible a \$50-million construction program. The guiding principle is to make use of private lending agencies instead of taking business from them. Loan company funds would be attracted, it is claimed, by the pooling of individual mortgages.

Mass production is contemplated for the scheme. A slum clearance program is not proposed for the present. The committee urges that rehabilitation of existing dwellings be considered first.

On June 1, 1931, Canada had 127,364 wage-earners engaged in the building construction industry; on June 1, 1934, only 34,500 were employed. In cities reporting to the Dominion Bureau of Statistics, about \$60 millions annually were spent in residential building construction in 1931, and less than \$9 millions in 1934.



SHORT OF CHANGE—When silver shot above 72¢ an ounce, Mexico called in her currency. At that figure, it had become profitable for Mexicans to melt down their coins, sell the silver. Here is a crowd at the main office of the Bank of Mexico waiting for the new coins which replaced the old silver money.

Business Abroad

France is slipping into a drastic deflation; British business is setting new records; Germany is confronted with the necessity for larger export subsidies; Soviet production touches new highs; Canada studies new tax plans.

REALIZATION that war is no immediate threat—possibly not for several years—has bolstered European business. A series of pending events, nevertheless, are being watched closely. First is the visit to Moscow on May 13 of a French delegation headed by M. Laval to complete details of the new Franco-Soviet working agreement. If rumors that France will grant a credit to the Soviets for the purchase of goods—especially rail supplies—in France proves true, it will mean the beginning of important closer economic ties between the 2 countries which will have political significance.

Another Rome Conference

Next event is the meeting in Rome on May 16 of the states of Central Europe and the Powers to consider guaranteeing Austria's independence, and Hungary's demand to rearm. It will be a test of Italy's ability to bargain these 2 countries away from Germany. Because the difficulties which have developed over and over in Central Europe are essentially due to the inability of these small territories to work out their economic problems, considerable importance attaches to the meeting.

German business is anxiously awaiting Hitler's next address to the public. It is expected about the middle of the month, and it is likely to reveal how heavy a tax is to be levied on industrial profits to build up an export subsidy. If German industry is going to continue to expand its activity, it must have more raw materials. If exports are to be subsidized, business in other countries is likely to ask for special protection.

New pressure on the gold bloc this week has revived talk of devaluation. A rush into stocks of funds which have accumulated in Paris brought a show of life to the Paris Bourse this week. France is expected to hold out longest; Switzerland may capitulate soon.

Soviet Union

Moscow pleased with new French pact. Output touches new highs in many lines. Railroads make progress under new leadership.

Moscow (*Wireless*)—The Soviets are pleased with the new Franco-Soviet pact. Planned to reinforce friendly cooperation between the 2 nations through the exchange of mutually helpful information of a military character, it is at the same time expected to result in closer economic relations.

Moscow denies that the Soviet negotiators attempted to force Paris to grant a large loan before they would sign the pact, but the possibility that such a loan may yet be concluded is not denied. Economic relations will no doubt be one of the most important considerations in

the conferences with M. Laval when he arrives in the Soviet capital on May 13 for a 2-day visit with Stalin and other Soviet leaders.

Russia has just celebrated "Press Day." Revealed at that time was the fact that daily newspaper circulation in the Soviet Union now exceeds 36½ millions, the weekly *Peasant's Gazette* with a circulation of 3 millions being the largest. The daily *Pravda* has a circulation of 2 millions.

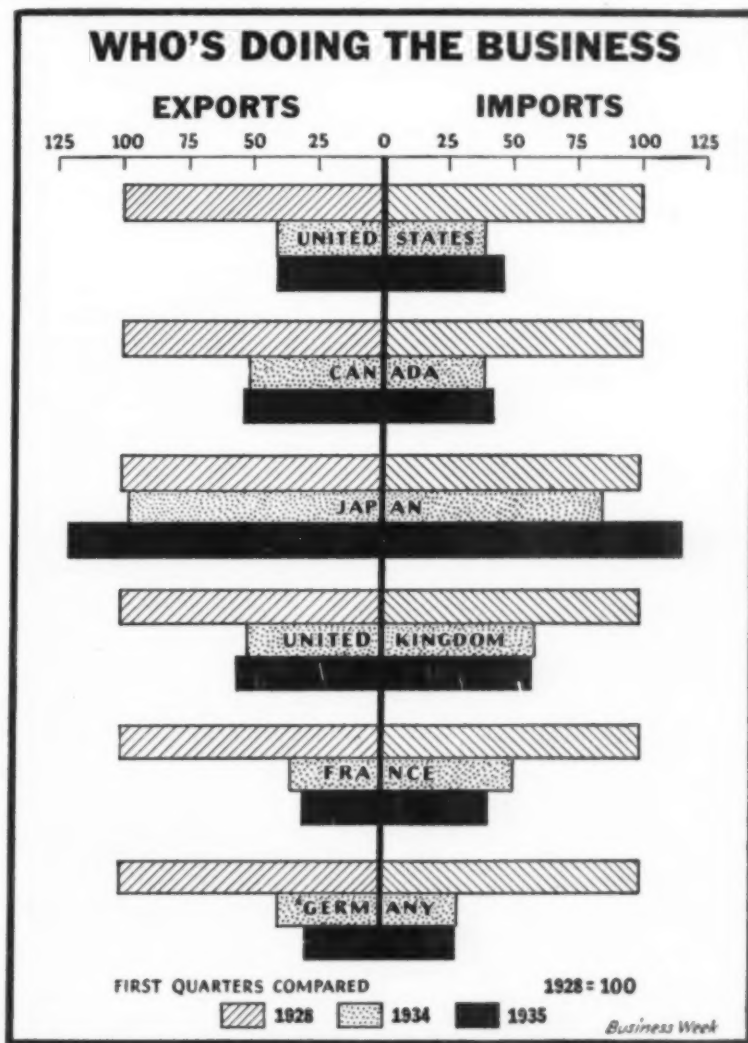
Reviewed at the same were first-

quarter accomplishments by Soviet industry. Heavy industry as a whole increased its output nearly 25% compared with last year. Steel production touched 2,789 million tons, which was 32.8% ahead of last year's first quarter. Other production gains (in percentage), compared with output in the first quarter last year, were:

Commodity	%
Pig iron	28.3
Rolled steel	29.1
Tractors	19
Copper	77.6
Cotton cloth	3
Shoes	12

Under the strong guidance of the new Commissar—Kaganovitch—Soviet railroads are beginning to show a better record of efficiency. For the first time in many years, April carloadings more than fulfilled the quota assigned in the Plan. Daily average touched 62,000, compared with an average for April, 1934, of barely 55,000. As their May Day gift to the country, railroad workers proposed that they lift this record to 76,000.

This gesture is indicative of the new



spirit which Kaganovitch has stirred in his workers. From the very first day he was assigned to this new duty, he has concentrated more attention on complete exploitation of existing facilities and upon a reduction in the number of accidents and breakdowns than on criticism for past mistakes. It has won the approval of the workers. Astonished as was the rest of the country by the new Commissar's announcement that last year there were 62,000 accidents and collisions causing hundreds of deaths and injury to thousands, the workers have responded to his campaign to do away with neglect and carelessness and are responding to a new system of incentives for meritorious service.

Great Britain

Jubilee boosts retail sales, transport, and restaurant business. London is blamed for new attack on gold currencies.

LONDON (Cable)—England gave itself over to the Jubilee celebrations this week, but this has meant business for several lines. Catering and transport enterprises are fully occupied. Building continues at a steady increase. And, naturally, money in circulation is up.

Aside from the Jubilee, real stimulation continues to come from the Continental threat of war. Aircraft and heavy motors shares are rising on the promise of the government to raise Britain's air strength to a parity with her strongest rival. Revelation that Germany is building submarines took the public by surprise, revived the fear that trouble is not far ahead.

The attack on the currencies of the gold bloc has revived despite assurances from Switzerland. In Amsterdam and Geneva, London is blamed for conducting the bear attack, but the real force of short selling has been from Paris through London. Stockholm has also been a bear center, probably also on Paris account. It is still believed by the experts and bankers that Switzerland will come off gold soon, and that Holland will remain on a little longer. The Dutch banks are more liquid than the Swiss and a good deal of "bad" money left Holland about a year ago for Switzerland. Paris is expected to stay on gold for several months, but certainly not until next year. Paris branches are now reporting home that the view is spreading in France that all gold currencies will slip from gold before autumn.

Silver Worries London

London views with apprehension the rising market in silver. The legend that rising silver aided China and so helped Lancashire has long been discredited. China is regarded as being drained for the benefit of Japan, which is just what Lancashire cannot stand. The insistence on \$1.29 silver in Washington is construed here as a determination to keep the silver men happy and so buy off inflation pressure in Congress. This determination is not trusted, and there is a new anticipation of a 50¢ dollar.

Britain's 1st Quarter 1935 vs. 1934

Item	% Change
Business Activity*	+ 4.3
Building Activity	+ 17.9
Iron & Steel Output	+ 8.7
Coal Production	- 2.7
Cotton Textile Production	- 4.7
Rayon Production	+ 26.0
Retail Sales	+ 3.1
Stock Prices (365 securities)	+ 3.6
Exports (value)	+ 8.9
Employment	+ 1.4
Electric Power	+ 10.0
Automobiles Registered†	+ 19.9

*Economist. †2 months.

The report of the Wholesale Cooperative Society for the half-year ended Jan. 12 is now published. It shows a steady increase in business. Sales for the 26 weeks were £46,801,247 (about \$226 millions), against £43,801,715 (about \$211½ millions) for the corresponding period of 27 weeks (note difference in half years) last year. Average weekly turnover now is £1,800,048. Directors hope to lift annual sales from their present level of about £90 millions to £100 millions before the end of this year.

Tonnage of shipping laid up is now smaller than at any time since 1930. On Apr. 1, it was 322 ships, a total of 706,000 tons. A year ago it was 453 ships with a total of 1,079,000 tons.

Germany

Business is unsettled by pending events. Insurance companies will absorb next governmental loan.

BERLIN (Wireless)—Business sentiment is depressed by 3 coming events: (1) Hitler's declaration of a new foreign policy (page 26) expected in a speech some time before mid-May; (2) the Rome conference on May 16 of the Danubian states at which the future status of Austria will be considered; and (3) the parleys with Great Britain on Germany's future navy.

Danzig's devaluation announcement this week, while it is financially important only locally, was a tremendous disappointment to Germany politically.

The prevailing liquidity on the money market has led to the lowering of the private discount rate to 3¼%, and to a reduction in the treasury borrowing rate. Securities, nevertheless, have attracted no more buyers, because of the prospect that the government will tax industrial profits to build up the export subsidy fund.

Savings deposits are rising, facilitating the absorption of the 500 million mark loan pressed on them by the government. Private and public insurance companies will be asked to subscribe to another loan of equal amount in the near future.

France

Foreign buying in anticipation of devaluation in gold bloc stirs Bourse to new activity. Paris starts a drive for tourists.

PARIS (Wireless)—A growing fear that inflation is inevitable is forcing funds into stocks. The Bourse showed more than usual activity all week, mainly from port coming from abroad. Bonds were more or less flat. The money market is tighter. Domestically the prospect that the government will begin new discussions of ways to reduce taxes and reduce the cost of living is rousing small optimism. France is in somewhat the same deflationary position the United States was in before 1933.

Price reductions were promised by the Flandin government some time ago and are beginning to show up in everyday buying. Milk, which was sold in Paris for 1.40 francs per litre in January, has now fallen to 1.10 francs, which is equivalent to about 33¢ a gal.

Clothes Cost Less

Prices of wearing apparel are coming down. High grade shirts made to measure for business wear sold at one of the big Paris haberdashery chains in 1934 for 56 francs. In 1932, they were selling for 50 francs. They are now quoted at 40 francs. Ready-made and tailor-made clothing have both dropped about 33% below levels of 1930.

The drop in prices at women's dressmakers has been still more pronounced. The big Paris couturiers, who used to sell their dresses for 4 or 5 thousand francs in 1930, are offering them now at 1,500 to 2,500 francs. Ready-made dresses can be obtained now in some new departments opened by the so-called one-price chain stores for as little as 50 to 100 francs for pure silk dresses.

Paris is intensely interested in the trial trips of the *Normandie* and in preparations for the first voyage to New York, beginning May 29. It somehow typifies the new drive which France is making this year to recover tourist business. The "Paris season"—May 26 to July 4—is going to be gayer than it has been in many years. Passport requirements for citizens of practically all countries are being waived, travelers being required to have only a police card which can be secured for 10 francs.

Paris Rendezvous

Rail fares from border cities to Paris are being reduced 60%, and any special trips out of Paris can be made at a 40% reduction below the usual rail rates. The South American Shipping Lines will allow 20% to 30% reductions in fares to France, and the Algerian Shipping Lines 50%. Foreign automobiles will be allowed to enter France with free provisional cards delivered at the frontier posts and with no further formalities of any sort.

During the Paris season, Paris hotels have arranged with travel agencies to provide special inclusive rates, which begin at 375 francs for 5 days with hotel, half pension, one theater, sight-seeing in Paris, and visit to Versailles.

Latin America

Washington silver program forces Peru to call in silver coins. Chile is prospering. Argentina will boost cotton expansion.

PERU has been forced to place an embargo on exports of silver bars and coins as a result of the rising silver prices following the announced silver prices in Washington. Peru has two circulating silver coins—the sol and the half sol. The (silver) sol is worth currently about 47¢. When the price of silver in world markets rose above 60¢ it became profitable for the Peruvians to sell their silver coins to be melted down and sold as silver bullion. It was not until the price touched a high of 80¢, however, that the rush to take this profit forced a shortage of circulating coins. The government immediately placed an embargo on the export of silver bars or coins, and made hoarding illegal. Exports of newly mined silver are not affected.

Lima Will Profit

Lima has not yet announced what it will do to provide currency in small denominations for daily circulation. Possibly the silver coinage will be devalued; possibly there will be an issue of paper money in small denominations, backed by silver. At any rate, Lima is not protesting the Roosevelt program, for Peru is the fourth largest producer of silver in the world and is benefiting handsomely from the higher prices.

Chile also benefits from higher silver prices, but it is the growing demand for copper and nitrate which have done most to boost economic conditions in that country. Chile's internal revenues increased to more than \$12½ millions during the first quarter of 1935, compared with a total slightly above \$8 millions for the first quarter last year. Expenditures this year were smaller than income, in contrast with a deficit of more than \$1 million in the first quarter of last year.

American copper producers in Chile

were present last week at a meeting with the Minister of Finance to consider a proposition from the French government to purchase 30,000 tons of copper for the French Ministry of War. The French demand that 10% of the purchase price be used to liquidate frozen French credits in Chile caused the Chileans to refuse the order.

It is reported from Buenos Aires that a syndicate of Americans will invest more than \$10 millions in the installation of textile mills in the northern part of Argentina. The first shipment of machinery from the United States is expected to reach Argentina before the end of May. Although Argentina produces much less cotton than Brazil, the crop this year was so large that producers were obliged to petition the Argentine government urgently for cotton pickers. The government, following the announcement that United States interests would establish textile mills in the country, has created a National Cotton Bureau which is to plan measures for the direction and supervision of cotton production, classification of the fiber, and creation of official standards for Argentine cotton in conformity with international practices.

The services of F. Powell, director of the foreign department of the Bank of England, have been secured by the Argentine government to aid in the organization of the new Central Bank and the new institute of banking investments. Powell visited the Argentine as a member of the Niemeyer economic commission several years ago.

Canada

Cities and provinces increase taxes to balance budgets. Dominion may utilize potato surplus for starch.

OTTAWA—Budget balancing efforts by provinces and municipalities are being felt by taxpayers. Ontario has increased its amusement tax. Previously 25¢ admissions were exempt; now all pay. The

tax applies to all public amusements where admission is charged, including dinner dances in hotels. The proceeds will be earmarked for relief purposes.

Montreal is levying a sales tax on all purchases over 10¢. The rate is 1¢ on purchases worth 11¢ to 50¢, 2¢ from 51¢ to \$1, and 2¢ from there up. It applies to telephone and electric service bills. The city seeks \$8½ millions from the tax to balance its budget in order to secure bank credit.

Savings deposits in chartered banks are mounting. At the end of March there were \$80 millions more than on the same date in 1934. The increase in March, 1935, was \$18 millions.

Chartered banks at the end of March held \$51 millions in Bank of Canada notes and had on Central Bank deposit \$149 millions. Current loans of chartered banks were \$50 millions lower in March than in March, 1934, call loans being up \$23 millions.

Trans-Canada Highway

Ontario wants to spend \$4 millions of its own and federal money to carry on the trans-Canada highway project within the province this summer and thus employ 5,000 men.

Combined C.N.R.-C.P.R. gross earnings for April were up 5.6% from April, 1934.

Wholesale prices in Canada give an index of 72.7 compared with the recovery peak of 72.9 for August, 1934.

The federal agricultural department is looking into the possibilities of utilizing Canada's potato surplus in the manufacture of starch. A research officer has investigated methods followed in Europe, where glucose and dextrin are also produced from potatoes. In this country, glucose is made exclusively from starch from imported corn.

From London comes announcement that the Imperial Shipping Committee has knocked 25% off the special premium on insurance rates on vessels using the Hudson's Bay route. Last season 15 commercial voyages were made over the route without loss. The committee lauds aids to navigation on the route to Churchill.



BANZAI—Japan welcomes the American Economic Mission with a sukiyaki party at Tokyo's smart Maple Club. Once American ambassador to Japan, W. Cameron Forbes (second from right) has no difficulty handling his chopsticks and keeping up his end of the conversation with Mrs. Horinouchi, wife of the director of the American Bureau of the Japanese Foreign Office.

Money and the Markets

Bonus bill adds to monetary uncertainty, and Morgenthau's speech is eagerly awaited. Bond upsurge is temporarily halted, and stocks are unsettled. Doubts as to the future of NRA disturb commodity markets.

WALL STREET again bristles with question marks, a situation not conducive to constructive developments. Washington has provided new uncertainties. Reports from the business front have not been conclusive enough to clarify the immediate outlook there. Once more the monetary question is coming to the fore.

The enactment of the "greenback" bonus measure, instead of disposing of that matter, leaves it wider open than before. It continues as one of the major financial issues pending in Washington. Now there may be a \$2.2-billion currency issuance to meet the outlay called for in the Patman Act. More likely the President's veto will be sustained to avoid that outcome, but only at the expense of further liberal compromising on the part of the Administration toward the bonus advocates.

No Inflation Wave

Financial circles get scant consolation from the vague hope that the issue might become so ensnarled in attempted redrafts as to fail of passage in some form this session. There is gratification over the fact that it is hanging fire, however. Moving so slowly and against so much resistance from the White House, it loses part of its threat.

Its real danger lay in the possibility that it might touch off an inflationary wave by raising anew the question of dollar stability. But this fear was mainly dispelled when the markets largely ignored any inflationary implications in the situation. Should the bonus go through in its present guise, it would probably add mild stimulation to retail business, and a corresponding amount to public debt and tax burdens.

But the monetary phases of the New Deal were kept alive by conjecture over what Secretary of the Treasury Morgenthau has in mind for his radio speech next Monday. Money people know what they would like to have him explain. First on this list would be "What will you do with silver?" They are hoping he will reopen the question of international stabilization.

Vague Hopes of Stabilization

This matter, plainly the most helpful one on which any of the world powers could be working, has seemed a lost hope since the ill-fated London conference of 1933. Recently there have been hints from one or another of the major governments that the time for reconsideration approaches. A week ago in Geneva a British authority broached the issue, and was seconded by the American unofficial observer at the meeting. Of such flimsy materials are the dreams of concerted attack on the leading world problem built.

Mr. Morgenthau's previous radio talks have done little to clarify our fiscal policies. Only the optimist anticipates more from his coming speech. But he promises to review the policy pursued till now, and if he makes that recital coherent it will be a foundation on which monetary experts here and abroad can project the further revelation of his fiscal program.

Silver is, of course, the uncertain question at the moment, since the Treasury has stopped in mid-course in its buying campaign, leaving the world in doubt as to what lies beyond.

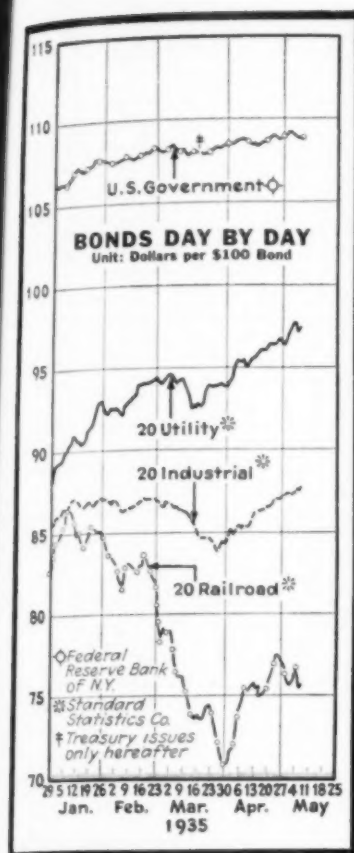
Any comprehensive summary of the financial plan must also include discussion of the omnibus banking bill. In

fact the presumed trend of Administration thinking away from money tinkering and toward credit expansion places the bank issue in the forefront of any such discussion.

The Treasury's borrowing and spending policy has piled up money in the banks. The money has stayed there because business hesitates to borrow for ordinary commercial purposes and the banks decline to lend it for capital purposes. Under the remodeled Federal Reserve System contemplated in the banking bill, a ruling by the Treasury-dominated Reserve Board would make capital loans as liquid as any other. After such a ruling, which is the only logical reason for having the law passed, the banks would be expected to rush money into non-liquid uses, financing construction, equipment purchases, and even speculation, and start a buying wave far more powerful than any that was launched by the cheapening of the dollar.

Of course, the bank bill is not passed. In fact opposition to it increases. The banks, through the American Bankers Association, have taken a more aggressive





sive stand against it. Carrying their fight to the floor of Congress, they propose to insist that in return for the greater powers given the board, its political character be modified by removal of the Secretary of the Treasury and the Comptroller of the Currency, and that the appointive members be given greater independence. The bankers' weakness is their inability to win public support for their proposals. To the voters the suggested overhauling of the banking system remains a technical question and of little interest.

Stocks

THE trend of stock prices continues to hang in the balance. Occasional bursts of strength, such as have occurred in the last several weeks, dwindle away before a broad public following comes in to sustain the advance. Likewise, on each reaction, prices touch off waiting orders from investment accounts that put a definite bottom to the recurring breaks. The net result is an irregularly advancing trend which seems to approximately measure the supply of new buying that is steadily coming into the market for investment.

At midweek there was a strong uprush of prices, explained by most market commentators as arising from renewed inflation talk. Closer scrutiny of developments suggested, however, that favorable news on a variety of issues coincides with a rebound from

the reaction in the earlier part of the week to give prices their boost.

Oil and metal shares were prominent in the rally, but this was in response to favorable developments directly affecting their position. On oils the oversupply of products has been largely cleared up, and current operations are momentarily under close control. Consequently the price structure is firm, gasoline having firmed up sharply; and talk now prevails in the trade that the long-maintained \$1 crude price may be revised upward. Under the new regulations, crude production is currently running under the 2.6 million bbl. daily allowable. Gasoline stocks are being drawn down each week (1.9 million bbl. for the latest week reported). Better prices and sales in non-ferrous metals lay behind the strength in that group.

Pension Case Backfire

The long-awaited decision on the rail pension case backlashed to depress speculative sentiment early in the week. While market interests wanted and expected the law to be invalidated, they did not relish the new uncertainties thrown around most of the recovery measures by the language of the decision. Even on the rail shares, the decision, when finally obtained, seemed to have small effect. More attention was paid to the continued slack in rail traffic and the sorry earnings figures that are coming out month after month.

One more section of the securities market is being brought under the eye of the Securities and Exchange Commission, which next week starts registering the 15,000 or 20,000 dealers in unlisted issues. After Aug. 1, only registered dealers will be permitted to use the mails. Any dealer with a "record" will be barred from registration.

Under the regulations, customers will be informed whether or not the dealer is selling securities he owns or is acting as the customer's agent. If acting in the latter capacity, the dealer must disclose the other party to the transaction and how much commission he makes on it.

The commission is also clamping down on operators in the oil royalty "racket," getting at them by requiring that information be filed on offerings that formerly were exempt under the \$100,000 minimum ruling. At the same time, regulations were relaxed on the advertising of security offerings so that the advertisement can provide some facts without violating the "full disclosure" provisions of the law.

Bonds

THE broad upward sweep of bond prices has recently been interrupted. As so often happens when new highs have just been set, investors get nervous about the underpinning of the market. Yields of less than 4% on any considerable portion of even the gilt-edge section are still enough of a novelty to raise doubts, and there are admittedly artificial factors in the easy money condition upon which such rates hang.

Nevertheless there are no signs that the upward trend is to be altered, and,

as long as it continues, the pressure of funds seeking outlet precludes severe reaction in the highest-grade securities. Even at present prices they are steadily attracting new funds out of less remunerative employment.

All divisions of the market have wavered of late. Two things—the passage of the greenback bonus bill, and a step-up in the price of the new bonds that the Treasury is offering in exchange for the called First Libertys—gave the governments a jolt after they touched new highs a week ago.

Revised Exchange Offer

The sell-off on the revised exchange offer was technical. After the major part of the \$1.9 billions called bonds had been surrendered for the new issues, the conversion price on the new 2½% bonds was marked up to 100½. But since this was still under the open market price on that issue, its quotation was not affected. Instead, prices declined on the bonds that previously had an option on the new issue at 100. The outstanding success of the conversion was already an old factor marketwise and was forgotten in the mild chill to investors' confidence in the possibility that the government might resort to direct currency issuance to meet the bonus. Then there was the factor of Secretary Morgenthau's radio talk on the dollar. Traders were in the dark as to what it might include, but were inclined to even up positions for it.

Railroad bonds, and particularly the second-grade classification, had a sharp rally when the Supreme Court killed the Railroad Retirement Act, but lost most of it subsequently. Except in the most critical situations, the comparatively small obligation of individual roads to the pension pool would make little difference in their ability to continue bond service. (A gain of 2% or 3% in gross revenue would offset it.) However, certain of the carriers on the edge of default may be able to stave it off by applying funds accumulated to meet the pensions toward interest due between now and July 1, a crucial period for several of the weakest lines.

New Industrial Financing

The best price performance has been in the industrial list, and it is in this division that the new offering activity has been centered over the last week. Immediately ahead are two large pieces of financing for industrial concerns, and they involve the first substantial new borrowing under the new regulations as contrasted with refunding operations such as have supplied most of the activity to date.

National Distillers will be in the market within 2 weeks for \$15 millions, all new borrowing as far as the bond market is concerned, although \$5 millions of the proceeds is to pay bank loans. The other \$10 millions is for additional working capital to carry whiskey stocks. National Steel will offer about the same time \$50 millions of new 4s, but \$41 millions of its proceeds will be refunding. The other \$9 millions will go to build a new wide strip steel sheet mill for the Great Lakes Steel plant in Detroit.



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Commodity Markets

COMMODITY prices are now benefiting from the curtailed buying earlier in the season. Under normal conditions, manufacturers would have bought more generously before their peak production period; but uncertainty about the trend prompted them this season to operate strictly hand-to-mouth. Much the same thing prevailed throughout the wholesale and retail trades. Now, though the uncertainties about future price developments are intensified, there is a steady absorption of supplies.

Trade buying of this kind is an element of stability in several items. In some, it continues to distort the differential between spot and future quotations. An outstanding example of this is cotton, where the trade complains about the exorbitantly high "basis," or the difference between the price of staple which is deliverable on contracts, and that of actual cotton of specified fiber length and quality.

Forward buying is being restricted even more stringently, if anything, as a result of the doubtful status of NRA and of its price-stabilizing codes. Purchasing agents report that occasional instances of price weakness in manufactured items are directly traceable to the weakening of the code authority because its future is clouded. In some lines, filed prices have been progressively lowered; but often the seller has simply ignored filed prices, and chiseling has increased.

AAA Just As Uncertain

The other price-fixing agency, AAA, is in an equally doubtful position. Even if it is extended, there must be adjustments in processing taxes before the new crop year starts, because in several commodities their addition lifts market prices above "parity."

Speculative trading got a mild stimulation from Washington developments.

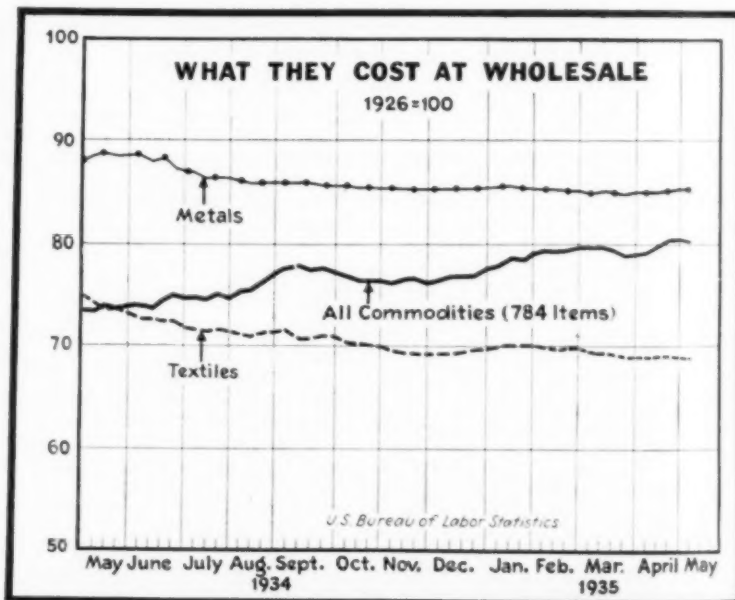
To the speculators, the passage of the bonus bill meant that the radical element in Congress was again ascendant, and they expect bullish news to result, even if the Patman bill is vetoed.

The weather continues to be a major factor in several markets. Wheat has had good rains everywhere except in the Southwestern drought area, where the crop is already abandoned. The spring wheat territory has plenty of moisture, even too much in sections where rain and cold weather combine to delay seeding and growth. The crisis for the spring crop is past for the time being, although it may recur in June unless current precipitation is generous enough to offset the subsoil deficiency. Some of the other crops have been held back by cold and dampness. Cotton is getting too much moisture in the eastern part of the belt, while the western part has benefited by recent rains.

Cocoa Crop Threatened

South American weather entered the market for cocoa when Bahia, Brazil, was swept with violent storms just as the midseason crop was in blossom. Bahia, which produces about 25% of the world's cocoa supply, is a major source for the United States; and while the midseason crop is not as important as the later crop, its failure could cut supplies for this market sharply.

Metals have been a bright spot in the markets, both as to price and as to volume. Copper has firmed up abroad on more active demand, but is overshadowed domestically by the rise in zinc and the revived zinc buying. Galvanizers, particularly manufacturers of metal farm products, are the source of greater business in zinc. The world curtailment agreement in copper began to go into effect with May and coincided with a renewed interest in Europe for all metals for rearmament.



Editorially Speaking—

In its editorial speaking, the business paper speaks for itself, rarely of itself. But when the high spot of the annual conference of the Associated Business Papers is a testimonial dinner celebrating the completion of 50 years of editorially speaking which has profoundly affected American business policy, the news is too important to omit simply because it seems superficially just business paper news. A broad range of industries know that a testimonial dinner to James H. McGraw, chairman of the board of directors of the McGraw-Hill Publishing Co., Inc., is also a celebration of American industrial progress, since that progress has been so definitely influenced by the philosophy which has guided Mr. McGraw's 50 years of business journalism.

In replying to the honors paid him at Hot Springs, Va., last week, when the ABP leaders presented him with a testimonial scroll and a watch, Mr. McGraw outlined major points in the policy which has carried the business paper from a poorly respected, badly edited occasional publication to its present status as a major tool for business and industry.

"In my opinion," he said, "the function of the business paper is (1) to advance the status of the industry it serves, and (2) to supply the individual members with specific knowledge concerning the industry. I name these in what I regard the order of their importance. The first represents the new function, one which has become necessary within the last 15 years. The second was formerly the major and, in fact, almost exclusive function recognized by business papers. This change, I think, is what we mean when we say that our industries are no longer merely production-minded; it really goes deeper than that.

"In fulfilling the first function, which is really a leadership job, the business paper requires a new relationship to its field different from that it bore when it was primarily a teacher. It becomes both a protagonist and a critic of its industry. The former role is easy, the latter one is a real job. It is necessary to differ with one's industry from time to time. This necessitates guarding against a bumptious editorial attitude but at the same time sticking to one's guns.

"AND here is the important point," Mr. McGraw continued. "Industries may kick about this criticism, but actually they will 'take' much more from their business papers today than formerly. In fact, they really want critical leadership and the paper which refuses to

supply it may escape the bricks which its more aggressive competitor gets but it will also forfeit the real respect of its field.

"Writing an editorial against something usually makes better 'copy' and is easier than writing for something. That, I believe, is why a negative attitude creeps too often into editorial writing. A business paper of today, in my opinion, has a greater opportunity for constructive, positive leadership than ever before.

"THERE remains still another new and vitally important function of the business press," he concluded. "That is to keep its readers informed as to the effect of the broader economic forces on their own business and to interpret these, as well as political and governmental action as it affects their business. This new responsibility of the business press is a direct result of the economic and political chaos which has followed the World War."

* * *

SIR JOSIAH STAMP, besides being one of England's great railroad men and bankers, is one of the ranking economists of the world. Checking events against predictions, one finds that he is more often right than most of his contemporaries. Furthermore, he speaks with a directness and simplicity which reveals his thinking to the layman. Therefore, he achieved headlines everywhere with his recent observation that forces of potential inflation are about to become effective in this country and may "blow the roof off the world."

But economic laymen who wrote the newspaper stories, for the most part, overlooked the point that Sir Josiah was expressing fear, not of the forces making for inflation in this country, but of the fact that those forces are largely controlled by politicians. Pending legislation would put currency and credit control wholly into their hands. One must be naïve indeed to think politicians will stop a boom before it explodes.

THE government is buying 8,000,000 acres in 23 of the hill counties of the Missouri Ozarks. It proposes to transplant 64,000 residents of the section to more fruitful lands. Many tears are being shed for the threatened disappearance of the hill-billy type of American manhood. However, they are about gone anyway. With the radio and the flivver, the present generation of hill-billies has taken to wearing Sears, Roebuck clothes and is acquiring the Joe Penner accent. On the other hand, the "Last Roundup" has been hurled into the ether by 2,999,996 hill-billies only 2 of whom ever rode a mule or tasted mountain dew.

INDUSTRIAL RUSSIA

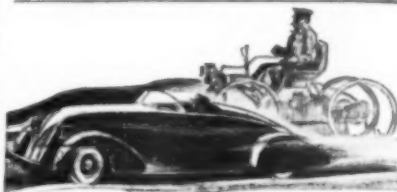
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Business Fumbles Again

The United States Chamber of Commerce in its annual meeting assumed all the responsibilities of leadership which its position implies. It demonstrated the highest type of business statesmanship. Unfortunately it has proved again what needed no further demonstration—that business men individually and in their organization entities have little understanding of political intrigue or of the mass manipulation of public opinion.

The Chamber was in a peculiar position to be helpful in the present situation. In the first place, it is so constituted as to represent, better than any other organization, big and little units of every kind of business in this country, despite Mr. Roosevelt's newly formed opinion to the contrary. In the second place, more than any other horizontal business organization, it has been sympathetic with and helpful to the Administration ever since Mr. Roosevelt was elected.

Henry I. Harriman, the retiring president, was originally close to Mr. Roosevelt. The plan of NRA was supported by him, and much of its early success was owing to business cooperation inspired by the Chamber. Harper Sibley, new and able president, is a schoolmate and lifelong friend of Mr. Roosevelt. The whole program of the convention had been so devised that the Chamber might manifest a new and independent leadership, offer to the Administration its cooperation in sound proposals, including some social reform measures, but stand firmly against what is dangerous and destructive.

At the end of the convention, a tired lot of delegates were going through the routine performance of adopting a long list of resolutions drafted and presented by its committees. One of the first presented had to do with social legislation. Here was the place where every consideration of prudence, tact, and good business imperatively called for concessions and cooperation between business and the Administration. Two or three of the outstanding irreconcilables in the conservative group asked that this resolution be read last in order to give more time for its consideration. This was done.

When the end of the list was reached one of these objectors pre-

sented his own draft of the resolution. It was passed by a weary set of delegates inexcusably thoughtless. As passed, that resolution left out what had been in the original draft—a frank statement that the Chamber favored cooperation between the state and federal government in old-age assistance.

Thus business was placed in the position of being unqualifiedly opposed to the President's social reform program in its every aspect. Thus he was given excuse but no justification for intimating that the members of the Chamber were the sort of business men who maintained a fire trap which cost so many lives in the Triangle Shirt fire and opposed practically every proposed enactment for relieving human misery.

That the President was clever enough to put Secretary Roper's Business Advisory and Planning Council in the position of repudiating the Chamber of Commerce and endorsing the Administrative program is but an incident to the whole distortion and confusion of the affair. The net of it is the President proved once more that he is a consummate politician while business again demonstrated its impotence in political intrigue and its awkwardness in dealing with public opinion.

The Supreme Court Says "No" to Congress

Every business man is vitally affected by the Supreme Court decision in the railroad pension case. The decision sets up a mighty barrier against congressional taxation of business for social purposes. It indicates that the court will rule against some of the provisions of the National Industrial Recovery Act; that it may knock out such legislation as the Wagner labor disputes bill, if this should be passed by the present Congress or a successor; and that the court will almost

certainly deny the right of Congress to enact old-age and unemployment insurance laws.

All of these portents, however, depend on one precarious factor—the continuance of the present membership of the court. If its majority should lose a single man through death or resignation, then President Roosevelt will make an appointment which will turn the minority into a majority, and thereafter the court will sustain the right of Congress to enact such legislation as the Railroad Retirement Act.

Legally the pension act and the proposed social insurance act seem decidedly similar. Justice Roberts' majority opinion says that "the provisions of the act which disregard the private and separate ownership of the several respondents, treat them all as a single employer, and pool all their assets regardless of their individual obligations and the varying conditions found in their respective enterprises, cannot be justified as consistent with due process" of law, which is guaranteed by the Constitution.

Now, the social security bill proposes very much the same sort of pooling. It would levy taxes on employers for the creation of state unemployment and old-age reserves. Just as, under the pension act, all railroads would have been compelled to help pension all railroad employees, so, under the social security law, all employers would be taxed to insure employees in every section of their states.

The Supreme Court says that the constitutional power of Congress to regulate commerce does not authorize it to take money from the railroads for the social security of their employees. The Wagner labor disputes bill, and some provisions of the National Industrial Recovery Act, probably would also be adjudged a misuse of the power of Congress over commerce. The social security bill is ostensibly based on the constitutional power of Congress "to provide for the general welfare" and "to raise revenue." But the court has never construed the "general welfare" clause of the Constitution as justifying anything like compulsory social insurance; and the revenue-raising purpose of the bill is such obvious pretense that the court would almost certainly refuse to accept it.

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